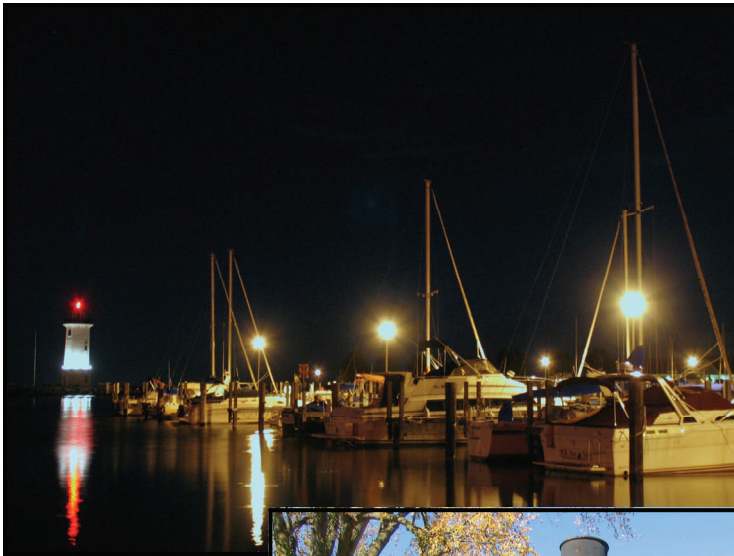


City of Fond du Lac, WI
First on the Lake



Comprehensive Annual Financial Report with Single Audit

Year ended December 31, 2010

Comprehensive Annual Financial Report

**City of Fond du Lac, Wisconsin
Year Ended December 31, 2010**

Prepared by:

City of Fond du Lac Comptroller Division

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CITY OF FOND DU LAC, WISCONSIN
December 31, 2010

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December 31, 2010

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City of Fond du Lac First on the Lake

Website: www.ci.fond-du-lac.wi.us

City-County Government Center
160 S. Macy Street~P.O. Box 150~Fond du Lac, WI 54936-0150

June 2, 2011

City Council and Citizens of Fond du Lac
City of Fond du Lac
Fond du Lac, WI

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Fond du Lac for the year ended December 31, 2010. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the CAFR is accurate in all material aspects, that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various funds, and that all disclosures necessary to enable the reader to gain maximum understanding of the City's financial affairs have been included.

Schenck S.C., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Fond du Lac's financial statements for the year ended December 31, 2010. The independent auditor's report is located at the front of the financial section of this report.

This letter of transmittal complements the Management's Discussion and Analysis (MD & A) and should be read in conjunction with it. The City of Fond du Lac's MD&A immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements.

The City is required to undergo an annual single audit to conform with the provisions of the Single Audit Act of 1984, the Single Audit Act Amendments of 1996, U.S. Office of Management and Budget Circular A-133, Audits of State and Local Governments, and Wisconsin State Single Audit Guidelines. Information related to this single audit, including the schedule of expenditures of federal and state awards, schedule of findings and questioned costs, and reports of the independent certified public accountants on the internal control structure and compliance with applicable laws and regulations, is included in the Single Audit Section of this report.

Government Profile

The City of Fond du Lac in Fond du Lac County was incorporated in 1852 and is located at the foot of Lake Winnebago, the largest inland lake in Wisconsin at 220 square miles. Five major highways lead into the City, which is approximately one hour from each of the largest cities in the State; Milwaukee, Madison and Green Bay. The City encompasses just over 20 square miles and serves a population of 43,800.

Governance is provided by a Council-Manager form of government with seven council members comprising the governing body. The council members are elected at large on an alternating basis for a term of two years, not to exceed three consecutive terms. The City of Fond du Lac provides the full range of municipal services, including police and fire protection, ambulance, parks, public works operations, parking and transit services, water and sewer utilities, community development, and general administrative services.

Reporting Entity and Its Services

The City uses the criteria set forth by the Governmental Accounting Standards Board Statement No. 14 to determine the scope of the City's reporting entity. The financial reporting entity includes all the funds of the primary government.

Economic Conditions and Outlook

In 2010, the City of Fond du Lac experienced an unemployment rate slightly higher than the state and national averages, but continued to have residential and commercial development. In recent years, the population has grown at a slow but steady rate. The population from the 2010 census is 43,021 people, an increase of 1.9% over the 2000 census report of 42,203. The 2010 average unemployment rate was 9.9% for the City of Fond du Lac, 8.2% for Fond du Lac County and 8.3% for the State of Wisconsin.

Total equalized value (estimated fair market value) of real estate and personal property fell 1.5% to \$2,696,593,500 in 2010 from 2009 due to the same economic conditions affecting housing values at the state and national level. This is the first time that values have been known to decrease. The City's equalized property tax valuation has increased 48.6% over the past 10 years.

In 2010, Fond du Lac continued to experience growth in residential development. There were 74 new housing units constructed, of which 46 units were one- and two-family and 28 were multi-family. Commercial and industrial growth continued in 2010. A total value of \$11,452,607 in commercial and industrial buildings and additions was constructed in 2010.

Major Initiatives during 2010

The City of Fond du Lac was successful in planning, starting or completing several major public improvement initiatives in 2010.

Mercury Marine is the City's largest employer. Collaborative efforts of many parties, including the State of Wisconsin, Fond du Lac County, the City of Fond du Lac, the Fond du Lac County Economic Development Corporation, Mercury Marine and Mercury Marine's employee unions, a satisfactory package of long-term financial incentives and cost saving measures continue to allow Mercury Marine to maintain its headquarters, research and development and manufacturing operations in Fond du Lac, along with the likelihood of relocating additional jobs to Fond du Lac from other Mercury Marine facilities. TIF #13 was formed to assist in the City purchase of excess land from Mercury Marine. This land will be sold to Michels Corporation in 2011 to market for future development. A 33,000 square foot expansion for Mercury Marine's plant 3 began in 2010 and was complete in January 2011.

The City sold land for a new 60,000 square foot spec building in 2010 to be developed in the TID #10 Fox Ridge Business Park, with construction completed in early 2011. This building joins the Chicago Tube and Iron facility in this business park.

A hotel and conference center development agreement was approved and work has begun at the site of the former Rolling Meadows nursing home on Rolling Meadows Drive. TIF #14 was created to assist in development of this project. A fourth floor was added in fall, 2010 with major construction anticipated in spring, 2011.

Annexation of the 39-acre Arthur property was completed in July of 2010. The property is divided into large residential lots and is expected to be developed slowly over the next several years.

Twenty-seven acres in the Whispering Springs area were annexed in 2010 for the Fond du Lac Lutheran Home. The zoning will remain agricultural for the next 3-4 years. Future plans for this property include an upscale senior living community.

Several smaller commercial developments include an AE Jewelers Store, Hoerth warehouse storage expansion, sorting house for Sadoff, and two car washes.

The City is part of the Hazard Mitigation Grant Program (HMPG) for damages done in the 2008 floods. The HMPG allowed the City to purchase and demolish flood-damaged homes that could not be reconstructed under federal floodplain regulations. Work began in 2009 with the acquisition and demolition of all 14 flood damaged houses completed in 2010. The City's overall share of the \$1.6 million cost was less than \$30,000, with the rest coming from state and federal sources. Fond du Lac has become the first municipality in the state to complete this process after the 2008 flood.

The Mutual Aid Box Alarm System Division 120 (Fond du Lac County), MABAS, has been in the planning stages for four years, but became operational August 2, 2010. In the event of a natural or man-made disaster, large incident, or when all Fond du Lac Fire Department resources are utilized within our community, the City of Fond du Lac now has a comprehensive mutual aid program to assist our community in its time of need. Equipment, personnel or service provided under MABAS are at no charge between municipalities.

Several large infrastructure projects were completed in 2010 including the Doty Street and Grove Street Bridge Replacement projects. These were both DOT-managed projects, with the City providing a local cost contribution. Park Avenue, from Johnson Street to Seventh Street, was a significant project contracted to provide underground utility, grade, gravel and paving under the department of public work's supervision. Major progress was made with the 2010 clearwater elimination projects, including reconstruction of all underground utilities and streets. Construction of the Sullivan Drive Storm Water Quality Pond was completed.

The Wastewater Collection and Treatment System upgrade of the telemetry system which monitors flow metering stations, sanitary and storm water pumping stations was finished. This system will allow increased monitoring of systems during times of emergency weather events and outages.

The Public Service Commission of Wisconsin (PSCW) approved a water rate increase in order to fund the additional debt service and operating costs of the water system improvements. The 23.5% rate case increases took effect January 1, 2010. There was no increase in sewer rates for 2010.

The City continues its on-going aggressive program of reconstructing the City's sanitary sewer system in an effort to eliminate the entrance of clear water into the sanitary sewer system.

Major Initiatives for the Future

The budget for 2011 included a modest 3.4% increase in the property tax levy and no rate increases for water and sewer utilities. The most significant issue facing the City for 2012/2013 relates to the effects of the state budget which reduces state aid while nearly eliminating the ability to increase future property tax levies.

Consultants continue to work on the design phase of the Pioneer Road Railroad Underpass project. This is a joint City/County project to provide a grade separation between the Canadian National railroad tracks and Pioneer Road, between S. Hickory St. and Morris St. The project will be a Department of Transportation let, with the first phase (East of Morris St.) being let in May 2011, and the second phase (East of Morris to West of Hickory) being let in November 2011. Relocation of City facilities will be done earlier, before the Department of Transportation led project begins. The schedule currently indicates that work will begin in fall of 2011, with completion in 2012.

Management Systems and Controls

Accounting System and Internal Controls

The accounts of governmental entities such as the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. These accounting entities are separated for the purpose of carrying on specific activities or attaining certain objectives and are used to aid management in demonstrating compliance with legal and contractual requirements.

Management of the City is responsible for establishing and maintaining an internal control structure designed to provide reasonable assurance regarding 1) the safeguarding of assets against loss from unauthorized use or disposition, and 2) the reliability of the financial records for preparing financial statements in conformity with generally accepted accounting principles. The concept of reasonable assurance requires that judgments of management rely on estimates in the evaluation of such controls as to costs and benefits derived. All internal control evaluations occur within that cost to benefit framework.

We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Controls

The City charter provides that the City Council shall adopt the annual budget prepared by the City's management. This budget is reviewed by the City Council and is formally adopted by the passage of a budget resolution. The City Manager is authorized to transfer budgeted amounts between budget accounts within a department; however, any revisions that alter the total expenditures of any departmental budget must be approved by the City Council. The level of control over budget adjustments varies for legally adopted budgets as follows: General Fund at division/department level, Debt Service Fund at the total fund level, Capital Projects Funds at total fund level and Special Revenue Funds at the total fund level. Expenditures may not legally exceed appropriations at the above levels unless authorized by two-thirds vote of the City Council.

Cash Management

Cash balances of the various funds are combined and invested to the extent possible in daily repurchase agreements, U.S. Treasury and U.S. Government Agency Securities, and the State of Wisconsin Local Government Investment Pool. The City's policy is to allocate interest income earned to funds in accordance with their respective contributions to the City's investment portfolio.

Risk Management

The City is exposed to various risks of loss related to its employee health insurance medical claims. A risk management internal service fund provides health care coverage for up to a maximum of \$150,000 for each individual's total claims with aggregate group claims limited to a minimum aggregate deductible of \$7.8 million. The City purchases third party specific and aggregate stop loss insurance for claims in excess of coverage provided by the fund.

Commercial insurance policies are purchased for risk financing in the areas of liability, property, automobile and workers compensation. Deductibles on these policies vary. Should losses occur, the portion of the uninsured loss is not expected to be significant with respect to the financial position of the City.

Capital Projects

Since the City of Fond du Lac is a strong and growing city, there continues to be a need to provide for sound and appropriate growth. An important element for this continuing growth is the development and maintenance of the City's infrastructure through capital improvements. The management of the City's capital improvements program is controlled using a long-range plan adopted by the City Council. The Capital Improvements Program projects the City's capital improvement needs for a five-year period and is reviewed and updated annually. The management and accounting of this plan are controlled using capital project funds. The primary sources of financing these improvements include general obligation debt, utility revenue debt, budgeted funds, special assessments, and revenue from Federal and State grants.

Other Information

Independent Audit

Wisconsin State Statutes require an annual audit of the financial transactions and accounts of the City by an independent public accountant selected by the City Council. This requirement has been met with the inclusion of the auditor's opinion in this report. The City has again received an unqualified opinion, which means that in the opinion of our independent auditor, the financial statements are fairly presented in conformity with generally accepted accounting principles.

Awards

The City of Fond du Lac will submit this Comprehensive Annual Financial Report to the Government Finance Officers Association (GFOA) for the Certificate of Achievement for Excellence in Financial Reporting.

To be awarded this honor, the financial reporting entity must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. This report satisfies both generally accepted accounting principles and applicable legal requirements.

This is the fourteenth consecutive year the City of Fond du Lac has prepared a Comprehensive Annual Financial Report. The City received the Certificate of Achievement from the GFOA for the 1995 through 2009 Comprehensive Annual Financial Reports.

Acknowledgment

The preparation of the CAFR could not have been accomplished without the professional, efficient and dedicated staff of the City of Fond du Lac Comptroller's Division. We would like to express our thanks to them and to the members of the City Council for their continued interest and support in the financial operations of the City.

Respectfully submitted,



Thomas A. Herre
City Manager



Hal M. Wortman
Director of Administration

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Fond du Lac
Wisconsin

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

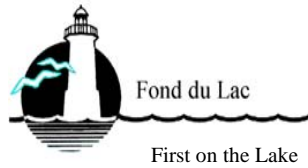
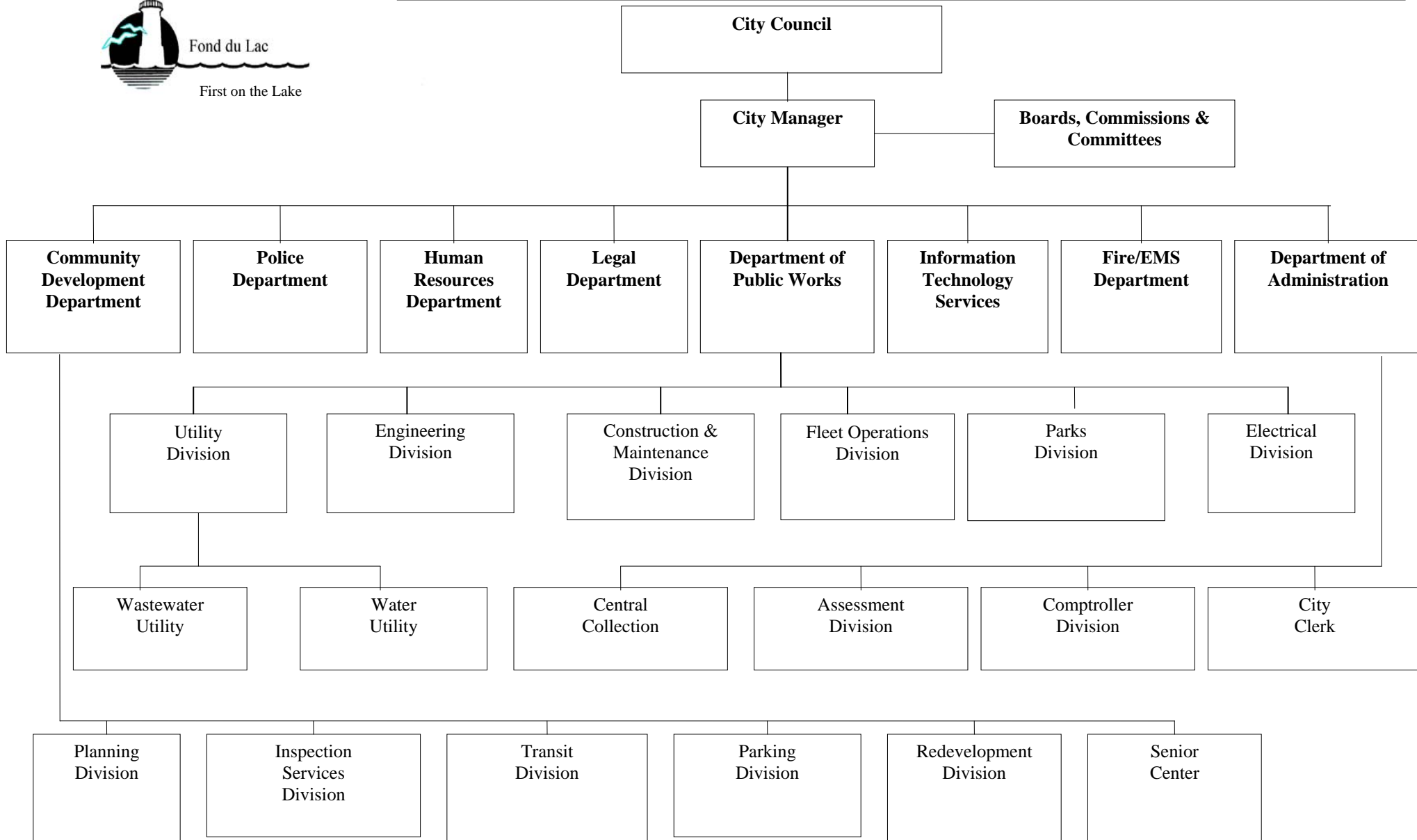


Table of Organization



CITY OF FOND DU LAC

List of Principal Officials

December 31, 2010

Elected Officials

		<u>Term Expires</u>
Richard D. Gudex	City Council President	April, 2011
Timothy J. Lakin	City Council Vice-President	April, 2011
Gary L. Miller	City Council Member	April, 2012
Jeffrey A. Ruedinger	City Council Member	April, 2012
James G. Sabel	City Council Member	April, 2012
Jeremy J. Thiesfeldt	City Council Member	April, 2011
Rob A. Vande Zande Sr.	City Council Member	April, 2012

Non-Elected Officials

Thomas A. Herre	City Manager
Hal M. Wortman	Director of Administration
Deborah S. Hoffmann	City Attorney
Rodney G. Pasch	Director of Human Resources
Mark O. Lentz	Director of Public Works
Wayne F. Rollin	Director of Community Development
David M. Zittlow	IT Services Manger
John A. Barthuly	Chief of Police
Peter O'Leary	Fire Chief
Kenneth D. Hall	Public Library Director
Richard E. Goding	City Engineer
Sue L. Strands	City Clerk

FINANCIAL SECTION

**INDEPENDENT AUDITORS' REPORT ON BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

To the City Council
City of Fond du Lac, Wisconsin

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fond du Lac, Wisconsin ("the City") as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Fond du Lac, Wisconsin's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes consideration of internal control financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2011 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the schedules of funding progress and employer contributions on pages 14 through 25 and 64 through 65 be presented to supplement the financial statements. Such information, although

not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



Certified Public Accountants
Green Bay, Wisconsin
June 2, 2011

Management's Discussion and Analysis

This section of the City of Fond du Lac's annual financial report presents our narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with the letter of transmittal at the front of this report and the City's financial statements which follow this section.

Financial Highlights

- The assets of the City exceeded the liabilities at December 31, 2010 by \$220 million.
- The City's total net assets decreased \$3.8 million (1.7 percent) over the course of this year's operations. The business-type activities had a \$3.1 million increase while the governmental activities had a \$6.9 million decrease.
- The unrestricted net assets of the governmental activities were \$12.4 million.
- The unrestricted net assets of the business-type activities were \$23.9 million.
- Combined governmental and business-type activities had a combined 64% decrease in earnings on investments due predominantly to decreased interest rates and amounts invested.
- The City's general fund balance increased by \$65,400. The fund balance was budgeted to decrease by \$788,600, resulting in a positive variance of \$854,000. The increase in general fund balance was due primarily to an increase in intergovernmental revenue and decreased spending in many divisions. This variance will be helpful as the 2011 budget anticipates using \$864,000 in general fund balance.
- The debt service fund balance was \$2.1 million, a decrease of \$1.9 million. The debt service fund was budgeted to have a decrease in fund balance of \$1.4 million. The TIF portion of the debt service fund balance of \$525,000 was also transferred from the debt service fund to a separate, newly established special revenue fund in 2010. Debt Service investment earnings were under budget by 24% due to lower interest rates and amounts invested.
- The City refinanced 2003 and 2004 general obligation notes during 2010 to increase the debt repayment schedules from 10 to 20 years and to reduce the increasing debt service payments and increasing property tax levies for debt service over the next several years.
- The internal service fund for the self-funded City group health insurance benefits started the year with a net asset deficit of \$157,000 and finished 2010 with a positive net asset balance of \$582,000. The increase was primarily due to the effects of premium increases of 15% in 2009 and 10% in 2010 and lower claims in 2010.
- Other governmental funds had increases in fund balances of \$3.8. The Community Development Block Grant was a Nonmajor Special Revenue Fund for 2010, but major for years prior. Tax Incremental Financing (TIF) Districts were broken out of the debt service fund and reported in a separate Special Revenue Fund for 2010.

Overview of the Financial Statement

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

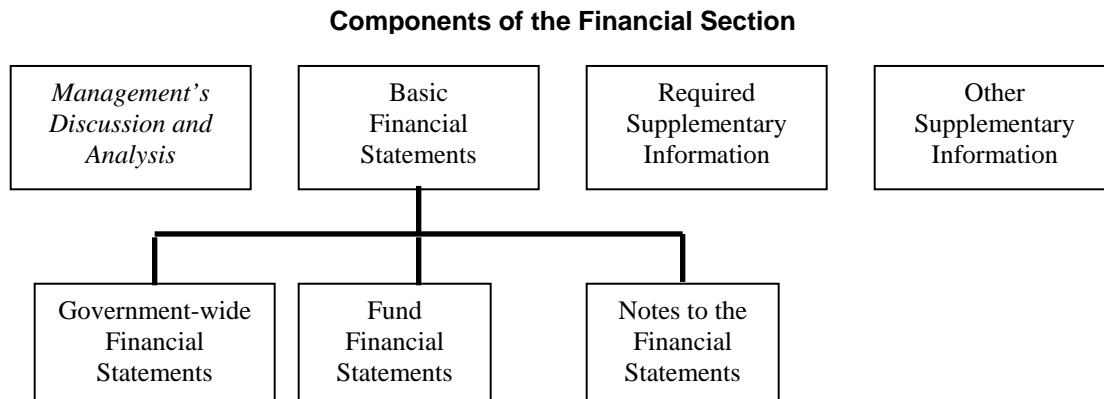
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City

government and report the City's operations in more detail than the government-wide statements.

- The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
- Proprietary fund statements provide short and long-term financial information about the activities the government operates similar to businesses, such as the water and sewer system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

In addition to these required elements, we have included a section with combining statements that provide details about our nonmajor governmental funds, each of which are added together and presented in single columns in the basic financial statements.



Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Fond du Lac's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Fond du Lac's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Fond du Lac is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Fond du Lac that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Fond du Lac include general government, public safety, public works, culture and recreation, community development, other and interest on long-term debt. The business-type activities of the City of Fond du Lac include the

Water Utility and Wastewater Collection and Treatment System.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Fond du Lac, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Fond du Lac can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. Data from the other fifteen governmental funds are combined into single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Fond du Lac adopts an annual appropriated budget for its general fund, debt service fund, certain special revenue funds and capital project funds. Budgetary comparison statements have been provided for these budgeted funds to demonstrate compliance with this budget.

Proprietary funds. The City of Fond du Lac maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Fond du Lac uses enterprise funds to account for its Water Utility and Wastewater Collection and Treatment System. The City of Fond du Lac uses an internal service fund to account for the transactions of the City's self-funded employee health insurance program. Because the health insurance program predominantly benefits governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Utility and Wastewater Collection and Treatment System, both of which are considered to be major funds of the City of Fond du Lac.

Government-wide Financial Analysis

Statement of Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Fond du Lac, assets exceeded liabilities by \$220,227,830 at the close of 2010.

By far, the largest portion of the City of Fond du Lac's net assets, 74 percent, reflects its investment in capital assets, net of depreciation, less the outstanding debt that was used to acquire those assets. The following table presents a summary of the Statements of Net Assets as of December 31, 2010.

Summary of Net Assets

2010

(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 100,840	\$ 96,060	\$ 46,845	\$ 58,442	\$ 147,685	\$ 154,502
Capital assets	159,028	158,987	181,774	181,019	340,802	340,006
Total assets	259,868	255,047	228,619	239,461	488,487	494,508
Non-current liabilities	77,300	68,985	117,384	131,491	194,684	200,476
Current and other liabilities	70,002	66,594	3,573	3,428	73,575	70,022
Total liabilities	147,302	135,579	120,957	134,919	268,259	270,498
Net assets:						
Invested in capital assets, net of related debt	98,081	95,685	65,678	65,865	163,759	161,550
Restricted	2,127	4,085	18,037	14,131	20,164	18,216
Unrestricted	12,358	19,698	23,947	24,546	36,305	44,244
Total net assets	<u>\$ 112,566</u>	<u>\$ 119,468</u>	<u>\$ 107,662</u>	<u>\$ 104,542</u>	<u>\$ 220,228</u>	<u>\$ 224,010</u>

Statement of Activities

The following table summarizes the changes in net assets for the City of Fond du lac for the fiscal year ended December, 31 2010.

Changes in Net Assets

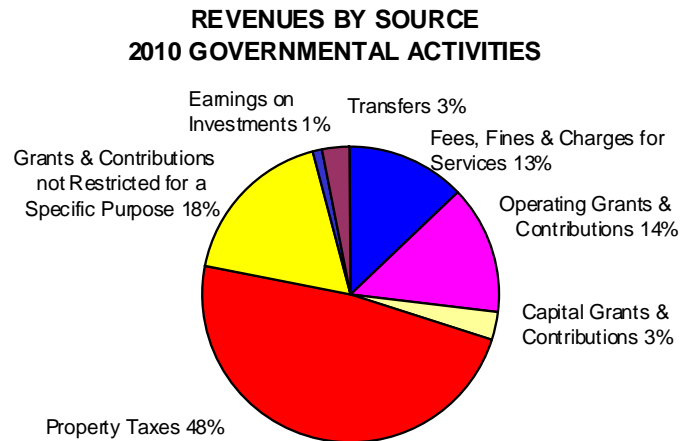
2010

(in thousands)

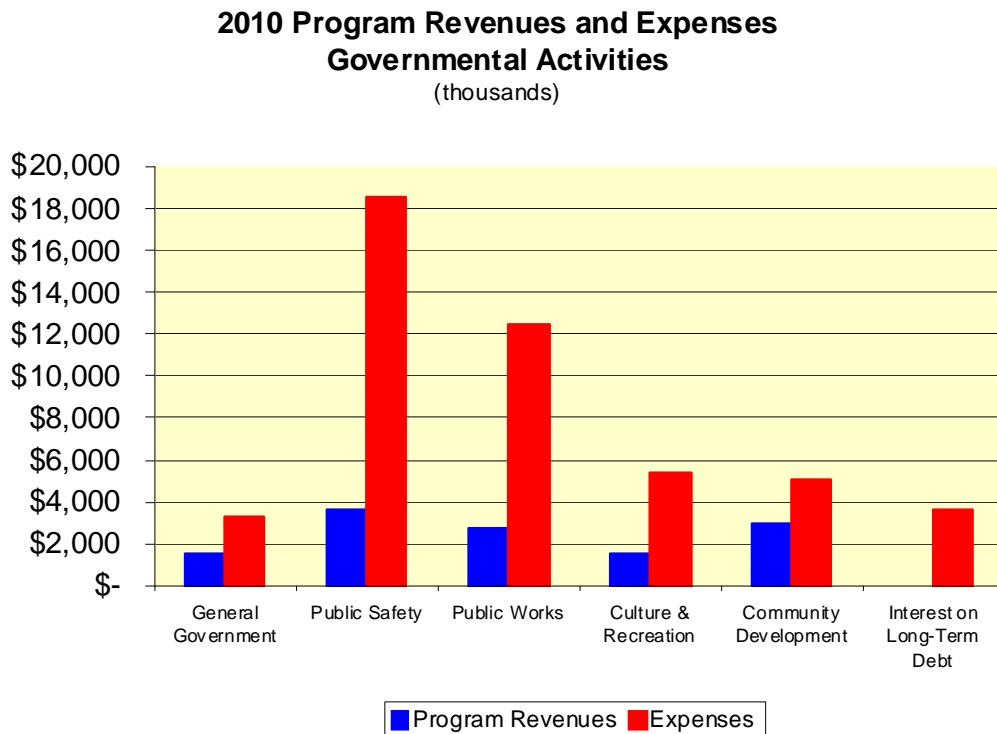
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 5,248	\$ 4,782	\$ 21,470	\$ 20,173	\$ 26,718	\$ 24,955
Operating grants and contributions	5,849	7,388	-	-	5,849	7,388
Capital grants and contributions	1,300	1,338	160	12,663	1,460	14,001
General revenues:						
Property taxes	20,033	20,229	-	-	20,033	20,229
Other taxes	197	177	-	-	197	177
Grants and contributions not restricted to specific programs	7,295	7,996	-	-	7,295	7,996
Earnings on investments	262	435	499	770	761	1,205
Total revenues	40,184	42,345	22,129	33,606	62,313	75,951
Expenses:						
General government	3,305	2,915	-	-	3,305	2,915
Public safety	18,519	17,686	-	-	18,519	17,686
Public works	12,478	13,726	-	-	12,478	13,726
Culture and recreation	5,381	5,487	-	-	5,381	5,487
Community development	5,080	6,222	-	-	5,080	6,222
Interest on long-term debt	3,592	2,898	-	-	3,592	2,898
Water	-	-	8,874	8,953	8,874	8,953
Wastewater	-	-	8,866	8,812	8,866	8,812
Total expenses	48,355	48,934	17,740	17,765	66,095	66,699
Increase (decrease) in net assets before transfers	(8,171)	(6,589)	4,389	15,841	(3,782)	9,252
Transfers	1,269	877	(1,269)	(877)	-	-
Increase (decrease) in net assets	(6,902)	(5,712)	3,120	14,964	(3,782)	9,252
Net assets - 1/1	119,468	126,452	104,542	89,578	224,010	216,030
Prior period adjustment	-	(1,272)	-	-	-	(1,272)
Net assets - 12/31	\$ 112,566	\$ 119,468	\$ 107,662	\$ 104,542	\$ 220,228	\$ 224,010

Governmental activities.

Revenues for the City's governmental activities were \$41 million. Property taxes are the largest source of governmental activity revenues at \$20 million, or 48 percent. The sources of revenues are shown in the pie graph below.



The bar graph below compares the activities and expenses by function. Public safety represents the largest expense at almost \$18.5 million or 38 percent. Public works is the next largest area of expense at \$12.5 million or 26 percent. The blue bars indicate the program revenues by function. Program revenues have increased as user fees have expanded, but the graph reflects that most of the expenses are not financed by program revenues, rather by general property tax revenues.

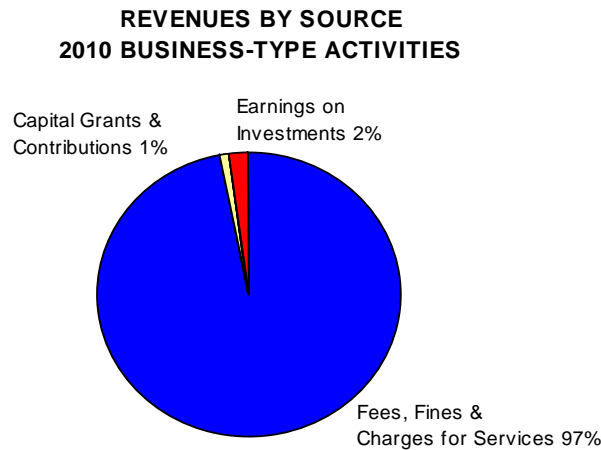


Business-type activities.

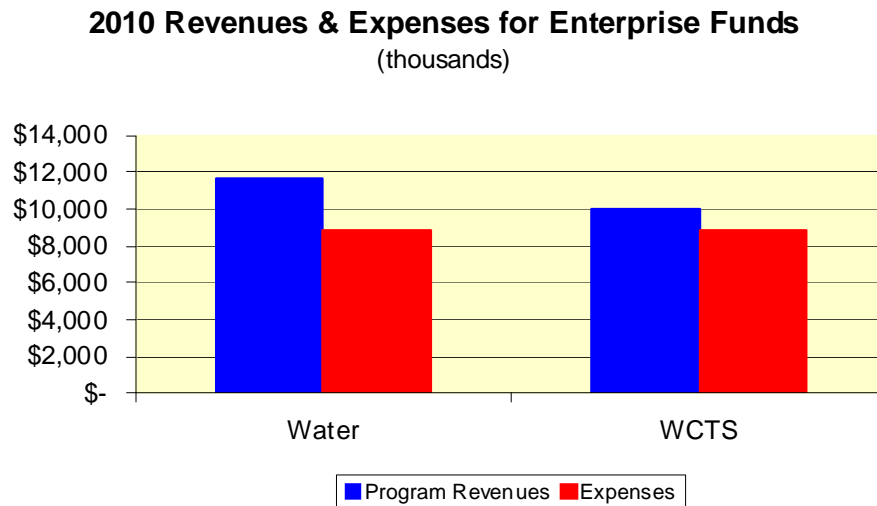
The business-type activities of the Water and Wastewater utilities increased the City's net assets by \$3.1 million.

Water and sewer rates historically have been evaluated and adjusted annually. Water rate increases must be submitted to the Wisconsin Public Service Commission (PSCW) for approval. The last water rate increase of approximately 23.5% was granted by the PSCW in 2009 and became effective January 1, 2010 in order to fund the additional debt service and operating costs of the new Water system improvement project that began in 2007.

The fourth and final step in the series of annual rate increases required by the Wisconsin Department of Administration as a condition of approval for the \$59,000,000 low-interest State Clean Water Fund Loan for the Wastewater Treatment Plant Upgrade project took place in 2009. There were no sewer rate increases in 2010.



The bar graph below is typical of the activities of enterprise funds. The expenses are more than recovered by the program revenues.



Financial Analysis of the Government's Funds

As noted earlier, the City of Fond du Lac uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Fond du Lac's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Fond du Lac's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. The City Council adopted a working capital designation of 15 percent of the annual budgeted general fund appropriations.

The general fund is the chief operating fund of the City of Fond du Lac. As a measure of the general funds' liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22.1 percent of total actual 2010 general fund expenditures, while total fund balance represents 29.6 percent of that same amount. An unreserved, undesignated fund balance of \$107,055 remains after funding the working capital designation goal of 15 percent of the 2011 budgeted expenditures. Total general fund balance increased by \$65,000 in 2010 due to favorable budget variances for both revenues and expenditures.

The debt service fund balance is \$2.1 million, a decrease of almost \$2 million. Of this decrease, \$1.4 million was a budgeted use of fund balance and \$525,000 was a transfer of the fund balance related to Tax Incremental Financing (TIF) Districts to a separate, newly established special revenue fund.

Proprietary funds. The City of Fond du Lac's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water and Wastewater Utilities were \$23.9 million. The increase in total net assets during 2010 was \$3.1 million. The largest contributing factors were increased operating income due to rate increases and earnings on investments.

General Fund Budgetary Highlights

The total difference between the original budget and the final amended budget was a net decrease in fund balance of \$275,839. The change between original budget and the final budget were the result of fund balance designations for projects, the roll-over of encumbrances from 2009 and City Council action by resolution to utilize public site fees and fund balance. The effects are summarized below:

Encumbrances:

- \$ 3,267 increase allocated to public safety for police uniforms, vests.
- \$ 4,783 increase allocated to public safety for fire office furniture.
- \$ 738 increase allocated to public safety for fire uniform insignia.
- \$ 1,260 increase in Information Technology Services-software.
- \$18,400 increase in public works-traffic signal maintenance.
- \$ 549 increase in public works-municipal service center-vehicle parts.
- \$ 462 increase in public works-tree care-tools.
- \$ 660 increase in culture & recreation-parks-Lakeside Park fountain repairs.
- \$ 3,275 increase in culture & recreation-fairgrounds pool-pump engine rebuild.

Designations of 2009 fund balance:

- \$ 1,800 increase in public safety-police handguns.
- \$ 2,500 increase in public safety-fire hose replacement-city match for grant.
- \$ 44,700 increase in public works-construction & maintenance-unbudgeted retirement in 2010-wage & benefit accounts.
- \$ 5,000 increase in public works-engineering-GIS development.
- \$167,020 increase in administration-assessment-outside services-revaluation services.
- \$ 2,125 increase in senior center-building maintenance.
- \$ 19,300 increase in community development-inspections for demolition.

These increases were funded entirely by the use of fund balance either in the form of encumbrances or designations of the previous year's fund balance. Most of these items were budgeted in the previous year, but not acquired or completed, so the funds remained in fund balance and were re-appropriated for expenditure in 2010.

General fund revenue and expenditure budget variances-explanation.

During this year, the net increase in fund balance was \$854,000 higher than budget. The primary reasons for this are:

- Revenues produced a net \$84,000 positive budget variance.
 - Investment earnings fell under budget by \$205,000 due to a decrease in interest rates and balances invested.
 - Licenses and permits exceeded budget by \$148,000 primarily due to higher than anticipated plumbing, sewer, electrical and heating permits and cable franchise fees.
 - Court and parking fines were \$56,600 under budget due to a \$46,900 shortage in police parking tickets issued and collected and a \$9,700 shortage in court fines.
- Total expenditures provided for a net \$719,000 favorable budget variance. Although there was a positive variance for all expenditures collectively, four divisions including Attorney, Delinquent Accounts, City-Wide and Fire were over budget.
 - General government had a overall favorable variance of \$296,000.
 - \$123,000 of this amount was due to management information systems' change in management and operations so that many projects were intentionally delayed for study and planning. Of this amount, \$80,710 was carried over to the 2010 budget for infrastructure upgrades and software.
 - Central services spent less on postage than budgeted, saved money on equipment maintenance and charged out more expenses on jobs performed for city departments. This division was \$31,500 under budget.
 - Central collection was under budget by \$34,400 due to a vacant position for a portion of the year.
 - Human resources had a positive budget variance of \$56,450 of which \$51,200 was other outside services budgeted, but not utilized for a labor relations consultant and staff development training.
 - Attorney was over budget slightly, \$2,900 due to requirements following the retirement of the City Attorney.
 - Delinquent accounts was over budget \$18,000 due to the write off of a large uncollectible bill.
 - City wide is over budget by \$5,300 due to unbudgeted maintenance costs for tax incremental financing districts that are closed and didn't have revenue during 2010.

- The department of public works had a net \$182,800 favorable variance.
 - Engineering required less automotive and equipment maintenance than anticipated, charged out more expenses on jobs performed for city departments/projects than estimated, and held off on equipment outlay in the total amount of \$64,900. Designation of \$16,600 of this amount to the 2010 budget was approved for equipment purchases.
 - Fleet saved \$30,105 in employee benefits due to changes in benefit levels utilized verses the budget and lower equipment maintenance and training expenses.
 - Highway maintenance performed \$18,000 less in maintenance, requiring fewer materials due to the number of major street projects occurring during 2010.
 - Snow and ice removal had savings of \$20,700 due to favorable pricing and weather. An inventory is recorded so that the expenditures will reflect the actual salt used during a particular year.
 - Street lights were under budget due to a correction of previous utility bills in which the city paid for electricity for utility-owned lights.
- Culture and recreation had a \$96,000 favorable variance due mainly to the parks, but to a lesser extent from the fairgrounds pool, Taylor pool operations and the senior center.
 - Parks had vacant caretaker positions at various times that lowered payroll and benefit costs by \$67,800.
 - Parks was also under budget in utilities, fuel, and general liability and property insurance.
 - The fees for lifeguards fell \$13,700 under budget.

Capital Asset and Debt Administration

Capital assets.

The City of Fond du Lac's investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounts to \$340,802,886 (net of accumulated depreciation). This investment in capital assets includes land and construction in progress, infrastructure, buildings, improvements other than buildings, and equipment.

	Capital Assets					
	(net of depreciation, in thousands)					
	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land and construction in progress	\$ 7,616	\$ 6,432	\$ 1,581	\$ 838	\$ 9,197	\$ 7,270
Infrastructure	125,083	126,016	-	-	125,083	126,016
Buildings	15,360	15,829	76,356	78,611	91,716	94,440
Improvements other than buildings	4,387	4,435	82,300	78,959	86,687	83,394
Equipment	6,583	6,275	21,537	22,611	28,120	28,886
Total	\$ 159,029	\$ 158,987	\$ 181,774	\$ 181,019	\$ 340,803	\$ 340,006

Capital assets net of depreciation increased by \$797,000, less than one percent. The business-type activities had a net increase of \$755,000, split almost evenly between the water utility and the

wastewater collection and treatment system decreased. Governmental capital assets, net of depreciation increased slightly by \$42,000.

Major capital activity included replacing the pumping station telemetry system at a cost of \$919,000 which is in construction work in progress for 2010 and completed in 2011, police department emergency generator \$226,000, emergency operations center equipment of \$136,000, and the 2010 portion of the main street sidewalk removal and replacement was completed for \$148,000. Additions and retirements of large pieces of public works equipment are on a normal replacement schedule with no major changes planned. Planned capital improvements, replacements and growth create a substantial amount of new infrastructure and replacement of very old infrastructure each year.

Additional information on the City's capital assets can be found in Note C.4 of the Notes to Basic Financial Statements.

Long-term debt.

At the end of the current fiscal year, the City of Fond du Lac had total bonded debt outstanding of \$191,144,484.

Outstanding Debt - General Obligation and Revenue Bonds (in thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 44,140	\$ 23,775	\$ -	\$ -	\$ 44,140	\$ 23,775
General obligation notes	30,907	44,027	-	-	30,907	44,027
Revenue bonds	-	-	116,097	129,763	116,097	129,763
Total	<u>\$ 75,047</u>	<u>\$ 67,802</u>	<u>\$ 116,097</u>	<u>\$ 129,763</u>	<u>\$ 191,144</u>	<u>\$ 197,565</u>

The total debt of the City of Fond du Lac decreased \$6.4 million, or 3.2 percent during 2010. During 2010, the City issued general obligation refunding bonds, Series 2010, dated March 24, 2010, totaling \$10,665,000 to refinance the 2003 and 2004 general obligation notes. The effect of the refunding is to increase the debt repayment schedules from 10 years to 20 years, and to reduce scheduled increasing debt service principal and interest payments and increasing property tax levies for debt service over the next several years.

The City of Fond du Lac maintains an "AA-Stable" rating from Standard & Poor's for its general obligation debt. The revenue bonds of the water utility have been rated "A+/Stable" by Standard & Poor's. The revenue bonds of the sanitary sewer utility have been rated A2 by Moody's Investors Service.

State statutes limit the amount of general obligation debt a government entity may issue to 5 percent of its total equalized valuation. The current debt limitation for the City on December 31, 2010 was \$134,829,675, which was in excess of the net outstanding general obligation debt applicable to debt limitation of \$63,220,653. The available legal margin for new debt was \$71,609,022.

Additional information on the City's debt may be found in note C.7 of the Notes to Basic Financial Statements.

Economic Factors and Next Year's budgets and Rates

- The 2010 unemployment rate for the City of Fond du Lac was 9.9 percent, which is one point lower than a year ago. The May 2010 unemployment rate is 8.4 percent compared to 9.4 percent last May.
- Population figures from the 2010 census for City of Fond du lac were 43,021, which is a 1.3 percent decrease from the estimates provided by the State of Wisconsin for 2009.
- The City's total property tax levy to fund the 2011 budget is up 3.4 percent. The equalized tax rate increased 5.2 percent and the assessed tax rate increased 2.1 percent.

The City's business-type activities will be affected by changes in regulations at the state and federal levels over the next few years. Rate increases were approved for 2010 as follows:

- The City Council approved a water rate increase filing with the Wisconsin Public Service Commission (PSC) to increase water rates by 23.5% over the previous rates effective January 1, 2010. The rate increase was the second of two planned water rate increases needed to pay for the construction of the \$32.5 million treatment system improvements including the improvements to remove radium from the City's drinking water as mandated by the Department of Natural Resources (DNR). The increased water rates were also required by the State of Wisconsin as a pre-condition of qualifying for the low-interest State Safe Drinking Water Loan financing for this project.
- The wastewater utility rates remained the same from 2009 to 2011 with no proposed increases.

These factors were considered in preparing the City of Fond du Lac's budget for 2011.

Requests for Information

This financial report is designed to provide a general overview of the City of Fond du Lac's finances and to demonstrate the City's accountability for the money it receives to our citizens, taxpayers, customers, and investors and creditors. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administration, City of Fond du Lac, 160 South Macy Street, PO Box 150, Fond du Lac, WI 54936-0150.

BASIC FINANCIAL STATEMENTS

CITY OF FOND DU LAC, WISCONSIN

Statement of Net Assets

December 31, 2010

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 36,539,367	\$ 10,453,544	\$ 46,992,911
Receivables			
Accounts	680,308	5,469,836	6,150,144
Ambulance	326,380	-	326,380
Special assessments	523,600	437,272	960,872
Taxes	46,449,215	-	46,449,215
Community development loans	6,646,609	-	6,646,609
Due from other governments	8,455,895	982,579	9,438,474
Internal balances	37,506	(37,506)	-
Inventories	864,687	344,901	1,209,588
Prepaid items	174,000	-	174,000
Restricted assets	-	18,037,818	18,037,818
Noncurrent special assessments	-	306,762	306,762
Noncurrent due from other governments	-	10,605,565	10,605,565
Deferred charges	-	167,802	167,802
Other - noncurrent	141,809	76,138	217,947
Capital assets			
Land and construction in progress	7,615,637	1,581,065	9,196,702
Infrastructure	190,956,802	-	190,956,802
Buildings	26,299,194	86,789,377	113,088,571
Improvements other than buildings	9,281,203	100,189,249	109,470,452
Equipment	19,091,749	31,590,055	50,681,804
Accumulated depreciation	(94,215,913)	(38,375,532)	(132,591,445)
Total Assets	<u>259,868,048</u>	<u>228,618,925</u>	<u>488,486,973</u>
LIABILITIES			
Accounts payable	1,686,142	986,225	2,672,367
Contracts payable	359,034	132,410	491,444
Accrued expenses	1,143,422	110,470	1,253,892
Accrued interest	1,469,577	778,751	2,248,328
Due to other governments	43,464,708	21,169	43,485,877
Unearned revenue	21,273,150	70,609	21,343,759
Other	605,726	1,473,619	2,079,345
Noncurrent liabilities:			
Due within one year			
Long-term obligations	3,247,617	7,016,960	10,264,577
Due in more than one year			
Long-term obligations	74,990,419	109,429,135	184,419,554
Advances from municipality	(937,500)	937,500	-
Total liabilities	<u>147,302,295</u>	<u>120,956,848</u>	<u>268,259,143</u>
NET ASSETS			
Invested in capital assets, net of related debt	98,081,195	65,677,207	163,758,402
Restricted for:			
Equipment replacement	-	992,990	992,990
Debt service	2,126,824	14,455,820	16,582,644
Construction improvements	-	470,642	470,642
Water plant decommissioning	-	2,118,365	2,118,365
Unrestricted	12,357,734	23,947,053	36,304,787
Total Net Assets	<u>\$ 112,565,753</u>	<u>\$ 107,662,077</u>	<u>\$ 220,227,830</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN
Statement of Activities
For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 3,304,979	\$ 1,233,397	\$ 341,803	\$ -
Public safety				
Police	9,461,405	139,424	809,756	150,991
Fire	5,032,647	20,539	128,826	84,863
Ambulance	4,025,495	2,026,810	260,362	-
Public works	12,477,656	161,744	2,174,685	419,543
Culture and recreation	5,380,792	532,432	982,738	5,000
Community development	5,080,481	1,133,562	1,150,484	640,067
Interest on long-term debt	3,591,877	-	-	-
Total governmental activities	48,355,332	5,247,908	5,848,654	1,300,464
Business-type activities:				
Water	8,873,799	11,652,164	-	12,405
Wastewater	8,865,809	9,817,874	-	147,353
Total business-type activities	17,739,608	21,470,038	-	159,758
Total	\$ 66,094,940	\$ 26,717,946	\$ 5,848,654	\$ 1,460,222

General revenues:

Property taxes

Other taxes

Grants and contributions not restricted to specific programs

Gain on disposal of capital assets

Earnings on investments

Transfers

Total general revenues and transfers

Change in net assets

Net assets - January 1

Net assets - December 31

The notes to the basic financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (1,729,779)	\$ -	\$ (1,729,779)
(8,361,234)	-	(8,361,234)
(4,798,419)	-	(4,798,419)
(1,738,323)	-	(1,738,323)
(9,721,684)	-	(9,721,684)
(3,860,622)	-	(3,860,622)
(2,156,368)	-	(2,156,368)
(3,591,877)	-	(3,591,877)
(35,958,306)	-	(35,958,306)
-	2,790,770	2,790,770
-	1,099,418	1,099,418
-	3,890,188	3,890,188
(35,958,306)	3,890,188	(32,068,118)
20,033,237	-	20,033,237
196,919	-	196,919
7,294,988	-	7,294,988
-	-	-
261,771	498,917	760,688
1,269,596	(1,269,596)	-
29,056,511	(770,679)	28,285,832
(6,901,795)	3,119,509	(3,782,286)
119,467,548	104,542,568	224,010,116
<u>\$ 112,565,753</u>	<u>\$ 107,662,077</u>	<u>\$ 220,227,830</u>

CITY OF FOND DU LAC, WISCONSIN

Balance Sheet
Governmental Funds
December 31, 2010

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 17,098,221	\$ 2,126,824	\$ 16,198,291	\$ 35,423,336
Accounts receivable	436,062	-	126,870	562,932
Ambulance receivable	-	-	326,380	326,380
Taxes receivable, net	40,562,911	3,178,693	2,707,611	46,449,215
Community development loans receivable	-	-	6,646,609	6,646,609
Due from other governmental funds	256,059	-	-	256,059
Due from other governments	8,088,353	-	367,542	8,455,895
Inventories	834,635	-	30,052	864,687
Special assessments receivable-noncurrent	-	523,600	-	523,600
Advance to water utility	937,500	-	-	937,500
Other	-	-	141,809	141,809
Total assets	<u>\$ 68,213,741</u>	<u>\$ 5,829,117</u>	<u>\$ 26,545,164</u>	<u>\$ 100,588,022</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 507,012	\$ -	\$ 584,340	\$ 1,091,352
Contracts payable	-	-	359,034	359,034
Accrued compensation	960,291	-	182,902	1,143,193
Due to other funds	-	-	256,059	256,059
Due to other governmental units	43,464,708	-	-	43,464,708
Deferred revenues	15,356,876	3,702,293	9,354,220	28,413,389
Other	356,087	-	49,257	405,344
Total liabilities	<u>60,644,974</u>	<u>3,702,293</u>	<u>10,785,812</u>	<u>75,133,079</u>
Fund balances:				
Reserved for:				
Inventories	834,634	-	30,052	864,686
Advances to water utility	937,500	-	-	937,500
Encumbrances	18,985	-	-	18,985
Debt service	-	2,126,824	-	2,126,824
Delinquent personal property tax	14,126	-	-	14,126
Other purposes	98,500	-	1,613,589	1,712,089
Unreserved:				
Designated for subsequent year's expenditures				
General fund	1,037,669	-	-	1,037,669
Special revenue funds	-	-	3,629,898	3,629,898
Capital project funds	-	-	10,724,275	10,724,275
Designated for working capital	4,520,298	-	-	4,520,298
Unreserved, undesignated reported in:				
Undesignated	107,055	-	(238,462)	(131,407)
Total fund balances	<u>7,568,767</u>	<u>2,126,824</u>	<u>15,759,352</u>	<u>25,454,943</u>
Total liabilities and fund balances	<u>\$ 68,213,741</u>	<u>\$ 5,829,117</u>	<u>\$ 26,545,164</u>	<u>\$ 100,588,022</u>

CITY OF FOND DU LAC, WISCONSIN

Balance Sheet (Continued)

Governmental Funds

December 31, 2010

Reconciliation of Fund Balances to Net Assets

Total Fund Balance as shown from previous page \$ 25,454,943

Amounts reported for governmental activities in the statement of net assets
are different because:

Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the funds. 159,028,672

Other long-term assets are not available to pay for current period expenditures and,
therefore, are deferred in the funds. The details of this difference are as follows:

Special assessments	\$ 523,600	
Loans receivable	6,646,609	
Net adjustment	<u>7,170,209</u>	7,170,209

Internal service funds are used by management to charge the cost of insurance
programs to individual funds. The assets and liabilities of internal service funds
are included in governmental activities in the statement of net assets. 582,036

Internal service funds are used by management to charge the costs of
insurance programs to individual funds. The net expense of certain
activities of internal service funds is reported with proprietary activities. 37,506

Long-term liabilities, including bonds and notes payable, are not due and
payable in the current period and, therefore, are not reported in the funds.

The details of this difference are as follows:

Bonds and notes payable	(75,047,477)	
Capital leases	(137,792)	
Compensated absences	(1,675,239)	
Other post-employment benefits	(1,377,528)	
Accrued interest on long-term obligations	(1,469,577)	
Net adjustment	<u>(79,707,613)</u>	(79,707,613)

Net Assets of Governmental Activities as Reported on the
Statement of Net Assets (see page 26) \$ 112,565,753

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property taxes	\$ 14,575,281	\$ 3,722,371	\$ 1,735,585	\$ 20,033,237
Other taxes	196,919	-	-	196,919
Licenses and permits	1,234,646	-	-	1,234,646
Intergovernmental	10,193,100	2,004	4,249,717	14,444,821
Charges for services	412,930	-	2,864,925	3,277,855
Court and parking fines	369,568	-	84,386	453,954
Special assessments	-	359,422	-	359,422
Investment earnings	144,555	79,512	8,867	232,934
Miscellaneous	305,821	122,902	927,134	1,355,857
Total revenues	<u>27,432,820</u>	<u>4,286,211</u>	<u>9,870,614</u>	<u>41,589,645</u>
EXPENDITURES				
Current:				
General government	2,658,241	-	8,165	2,666,406
Public safety	13,468,787	-	4,167,801	17,636,588
Public works	6,493,881	-	763,957	7,257,838
Culture and recreation	1,818,998	-	3,003,960	4,822,958
Community development	1,142,145	-	2,313,560	3,455,705
Other	-	443,019	-	443,019
Debt service:				
Principal	-	5,556,926	-	5,556,926
Interest and other charges	-	3,078,799	-	3,078,799
Capital outlay	-	-	8,739,564	8,739,564
Total expenditures	<u>25,582,052</u>	<u>9,078,744</u>	<u>18,997,007</u>	<u>53,657,803</u>
Excess (deficiency) of revenues over expenditures	<u>1,850,768</u>	<u>(4,792,533)</u>	<u>(9,126,393)</u>	<u>(12,068,158)</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	21,165,000	-	21,165,000
Long-term debt issued	-	206,000	9,468,718	9,674,718
Premium on long-term debt issued	-	34,517	-	34,517
Payment to refunding escrow agent	-	(18,152,522)	-	(18,152,522)
Transfers in	1,309,596	106,331	10,670,609	12,086,536
Transfers out	(3,094,933)	(525,045)	(7,196,962)	(10,816,940)
Total other financing sources (uses)	<u>(1,785,337)</u>	<u>2,834,281</u>	<u>12,942,365</u>	<u>13,991,309</u>
Net change in fund balances	65,431	(1,958,252)	3,815,972	1,923,151
Fund balances - January 1	<u>7,503,336</u>	<u>4,085,076</u>	<u>11,943,380</u>	<u>23,531,792</u>
Fund balances - December 31	<u>\$ 7,568,767</u>	<u>\$ 2,126,824</u>	<u>\$ 15,759,352</u>	<u>\$ 25,454,943</u>

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
Year Ended December 31, 2010

Reconciliation of Changes in Fund Balance to Changes in Net Assets

Net Change in Fund Balances from previous page \$ 1,923,151

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays were less than depreciation in the current period, detailed as follows:

Capital outlay	\$ 6,236,427	
Depreciation expense	(6,149,121)	
Net adjustment		87,306

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (1,405,704)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items, detailed as follows:

Issuance of general obligation debt	\$ (12,790,000)	
Issuance of capital leases	(149,718)	
Principal paid on long-term debt	5,545,000	
Payment of capital lease	11,926	
Net adjustment		(7,382,792)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. The detail of this difference is as follows:

Compensated absences	\$ (9,057)	
Other post-employment benefits	(423,278)	
Accrued interest	(295,073)	
Loss on disposal of capital assets	(46,149)	
Net adjustment		(773,557)

Internal service funds are used by management to charge the costs of insurance programs to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

649,801

Change in Net Assets of Governmental Activities as Reported on the Statement of Activities (see pages 27 - 28) \$ (6,901,795)

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual

General Fund

For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Property taxes	\$ 14,575,282	\$ 14,575,282	\$ 14,575,281	\$ (1)
Other taxes	168,392	168,392	196,919	28,527
Licenses and permits	1,086,275	1,086,275	1,234,646	148,371
Intergovernmental	10,194,724	10,194,724	10,193,100	(1,624)
Charges for services	425,142	425,142	412,930	(12,212)
Court and parking fines	426,200	426,200	369,568	(56,632)
Investment earnings	350,000	350,000	144,555	(205,445)
Miscellaneous	123,144	123,144	305,821	182,677
Total revenues	<u>27,349,159</u>	<u>27,349,159</u>	<u>27,432,820</u>	<u>83,661</u>
EXPENDITURES				
General government				
City council	57,563	57,563	52,094	5,469
City manager	248,424	248,424	238,176	10,248
Clerks	276,604	277,604	259,786	17,818
Central services	121,664	121,664	90,128	31,536
Elections	77,379	76,263	59,424	16,839
Board of review	5,800	7,116	7,114	2
Comptrollers	635,434	635,434	621,515	13,919
Information technology services	6,000	7,260	(115,979)	123,239
Central collections	99,624	98,424	64,024	34,400
Assessors	523,849	690,869	682,179	8,690
Attorney	231,118	231,118	234,064	(2,946)
Human resources	348,809	348,809	292,359	56,450
Animal control	96,878	96,878	96,878	-
Delinquent accounts	15,900	15,900	33,973	(18,073)
Non-departmental insurance	28,991	28,991	24,899	4,092
City wide	12,346	12,346	17,607	(5,261)
Total general government	<u>2,786,383</u>	<u>2,954,663</u>	<u>2,658,241</u>	<u>296,422</u>
Public safety				
Police	8,904,203	8,909,270	8,886,308	22,962
Fire	4,561,415	4,569,436	4,582,479	(13,043)
Total public safety	<u>13,465,618</u>	<u>13,478,706</u>	<u>13,468,787</u>	<u>9,919</u>

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual (Continued)
General Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
EXPENDITURES (Continued)				
Public works				
Engineering	1,042,842	1,047,842	982,946	64,896
Fleet operations	630,561	631,761	601,656	30,105
Construction and maintenance	2,004,122	1,946,173	1,946,173	-
Municipal service center	432,546	435,265	423,504	11,761
Highway maintenance	170,407	190,782	172,829	17,953
Snow and ice removal	128,148	128,113	107,386	20,727
Stormwater maintenance	247,303	371,888	371,888	-
Solid waste	937,859	985,518	985,518	-
Electrical	342,024	350,158	338,552	11,606
Street lights	399,600	316,561	294,889	21,672
Trees	270,830	272,589	268,540	4,049
Total public works	<u>6,606,242</u>	<u>6,676,650</u>	<u>6,493,881</u>	<u>182,769</u>
Culture and recreation				
Parks	1,295,406	1,325,494	1,248,922	76,572
Fairgrounds pool	263,166	242,532	228,500	14,032
Taylor pool	105,818	99,002	95,205	3,797
Senior center	245,533	247,658	246,371	1,287
Total culture and recreation	<u>1,909,923</u>	<u>1,914,686</u>	<u>1,818,998</u>	<u>95,688</u>
Community development				
Community development	537,423	537,423	455,549	81,874
Inspections	630,371	649,671	597,096	52,575
Economic development	89,500	89,500	89,500	-
Total community development	<u>1,257,294</u>	<u>1,276,594</u>	<u>1,142,145</u>	<u>134,449</u>
Total expenditures	<u>26,025,460</u>	<u>26,301,299</u>	<u>25,582,052</u>	<u>719,247</u>
Excess (deficiency) of revenues over expenditures	<u>1,323,699</u>	<u>1,047,860</u>	<u>1,850,768</u>	<u>802,908</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,258,417	1,258,417	1,309,596	51,179
Transfers out	(3,094,933)	(3,094,933)	(3,094,933)	-
Total other financing sources (uses)	<u>(1,836,516)</u>	<u>(1,836,516)</u>	<u>(1,785,337)</u>	<u>51,179</u>
Net change in fund balances	(512,817)	(788,656)	65,431	854,087
Fund balances - January 1	<u>7,503,336</u>	<u>7,503,336</u>	<u>7,503,336</u>	<u>-</u>
Fund balances - December 31	<u>\$ 6,990,519</u>	<u>\$ 6,714,680</u>	<u>\$ 7,568,767</u>	<u>\$ 854,087</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN

Statement of Net Assets

Proprietary Funds

December 31, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Water	Wastewater	Total	Internal Service
ASSETS				
Current assets:				
Cash and Investments	\$ 5,004,579	\$ 5,448,965	\$ 10,453,544	\$ 1,116,031
Receivables				
Accounts	3,212,368	2,251,043	5,463,411	117,376
Special assessments	365,076	72,196	437,272	-
Accrued interest	2,180	4,245	6,425	-
Due from other governments	-	982,579	982,579	-
Prepaid expenses	-	-	-	174,000
Inventories	344,901	-	344,901	-
Total current assets	<u>8,929,104</u>	<u>8,759,028</u>	<u>17,688,132</u>	<u>1,407,407</u>
Noncurrent assets:				
Restricted assets	9,336,659	8,701,159	18,037,818	-
Special assessment receivables	54,366	252,396	306,762	-
Due from other governments	-	10,605,565	10,605,565	-
Unamortized bond discount and expense	159,505	8,297	167,802	-
Other	76,138	-	76,138	-
Capital assets:				
Land	305,815	-	305,815	-
Building	15,137,494	71,651,883	86,789,377	-
Improvements other than buildings	47,221,881	52,967,368	100,189,249	-
Equipment	27,388,308	4,201,747	31,590,055	-
Construction in progress	-	1,275,250	1,275,250	-
Less: accumulated depreciation	(17,006,396)	(21,369,136)	(38,375,532)	-
Total noncurrent assets	<u>82,673,770</u>	<u>128,294,529</u>	<u>210,968,299</u>	<u>-</u>
Total assets	<u>91,602,874</u>	<u>137,053,557</u>	<u>228,656,431</u>	<u>1,407,407</u>
LIABILITIES				
Current liabilities:				
Accounts payable	745,649	240,576	986,225	594,790
Contracts payable	83,826	48,584	132,410	-
Accrued interest	528,406	250,345	778,751	-
Accrued compensation	49,490	60,980	110,470	229
Due to other governments	-	21,169	21,169	-
Unearned revenues	66,364	4,245	70,609	29,970
Compensated absences	87,280	85,063	172,343	-
Bonds, notes, and loans payable	3,079,394	3,765,223	6,844,617	-
Other	1,453,508	20,111	1,473,619	200,382
Total current liabilities	<u>6,093,917</u>	<u>4,496,296</u>	<u>10,590,213</u>	<u>825,371</u>
Noncurrent liabilities:				
Other post-employment benefits	88,828	87,917	176,745	-
Advances from municipality	937,500	-	937,500	-
Bonds, notes, and loans payable	53,787,383	55,465,007	109,252,390	-
Total noncurrent liabilities	<u>54,813,711</u>	<u>55,552,924</u>	<u>110,366,635</u>	<u>-</u>
Total liabilities	<u>60,907,628</u>	<u>60,049,220</u>	<u>120,956,848</u>	<u>825,371</u>
NET ASSETS				
Invested in capital assets, net of related debt	16,180,325	49,496,882	65,677,207	-
Restricted for equipment replacement	-	992,990	992,990	-
Restricted for bond redemption	6,747,651	7,708,169	14,455,820	-
Restricted for construction improvements	470,642	-	470,642	-
Restricted for water plant decommissioning	2,118,365	-	2,118,365	-
Unrestricted	<u>5,178,263</u>	<u>18,806,296</u>	<u>23,984,559</u>	<u>582,036</u>
Total Net Assets	<u>\$ 30,695,246</u>	<u>\$ 77,004,337</u>	107,699,583	<u>\$ 582,036</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			(126,846)	
			<u>\$ 107,572,737</u>	

CITY OF FOND DU LAC, WISCONSIN

Balance Sheet (Continued)

Proprietary Funds

December 31, 2010

Reconciliation of Fund Balances to Net Assets

Total Net Asset Balance as shown from previous page

\$ 107,572,737

Amounts reported for business-type activities in the statement of net assets
are different because:

Internal service funds are used by management to charge the costs of
insurance programs to individual funds. The net revenue of certain
activities of internal service funds is reported with proprietary activities.

89,340

Net Assets of Business-type Activities as Reported on the
Statement of Net Assets (see page 26)

\$ 107,662,077

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Operating revenues:				
Charges for services	\$ 11,307,108	\$ 9,674,327	\$ 20,981,435	\$ 6,181,028
Other	345,056	143,547	488,603	-
Total operating revenues	<u>11,652,164</u>	<u>9,817,874</u>	<u>21,470,038</u>	<u>6,181,028</u>
Operating expenses:				
Personal services	1,144,258	1,717,073	2,861,331	-
Contractual services	613,774	1,969,789	2,583,563	-
Materials and supplies	1,900,034	514,257	2,414,291	-
Utilities	588,096	540,909	1,129,005	-
Insurance claims and expenses	-	-	-	5,441,887
Taxes	169,200	-	169,200	-
Depreciation	2,262,140	2,570,375	4,832,515	-
Total operating expenses	<u>6,677,502</u>	<u>7,312,403</u>	<u>13,989,905</u>	<u>5,441,887</u>
Operating income	<u>4,974,662</u>	<u>2,505,471</u>	<u>7,480,133</u>	<u>739,141</u>
Nonoperating revenues (expenses):				
Interest and investment revenue	99,737	399,180	498,917	-
Interest and fiscal charges	(2,240,981)	(1,598,062)	(3,839,043)	-
Total nonoperating revenue (expenses)	<u>(2,141,244)</u>	<u>(1,198,882)</u>	<u>(3,340,126)</u>	<u>-</u>
Income before contributions and transfers	2,833,418	1,306,589	4,140,007	739,141
Capital contributions	12,405	147,353	159,758	-
Transfers out	<u>(1,269,596)</u>	<u>-</u>	<u>(1,269,596)</u>	<u>-</u>
Changes in net assets	1,576,227	1,453,942	3,030,169	739,141
Total net assets (deficit) - January 1	<u>29,119,019</u>	<u>75,550,395</u>	<u>104,669,414</u>	<u>(157,105)</u>
Total net assets - December 31	<u>\$ 30,695,246</u>	<u>\$ 77,004,337</u>	<u>\$ 107,699,583</u>	<u>\$ 582,036</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Proprietary Funds
Year Ended December 31, 2010

Reconciliation of Changes in Fund Balance to Changes in Net Assets

Net Change in Net Assets from previous page	\$ 3,030,169
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Amounts reported for proprietary activities in the statement of activities are different because:

Internal service funds are used by management to charge the costs of insurance programs to individual funds. The net revenue of certain activities of internal service funds is reported with proprietary activities.

89,340

Change in Net Assets of Proprietary Activities as Reported on the Statement of Activities (see pages 26 - 27)

<u>\$ 3,119,509</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Cash flows from operating activities:				
Receipts from customers	\$ 10,650,321	\$ 9,629,321	\$ 20,279,642	\$ -
Payments to suppliers	(3,294,258)	(3,541,865)	(6,836,123)	(5,388,824)
Payments to employees	(717,726)	(1,123,834)	(1,841,560)	-
Internal activity - payments from (to) other funds	-	-	-	6,105,442
Other receipts	345,056	143,547	488,603	-
Net cash provided by operating activities	6,983,393	5,107,169	12,090,562	716,618
Cash flows from noncapital financing activities:				
Transfers to other funds	(1,269,596)	-	(1,269,596)	-
Repayment of advance to municipality	(500,000)	-	(500,000)	-
Net cash used by noncapital financing activities	(1,769,596)	-	(1,769,596)	-
Cash flows from capital and related financing activities:				
Net proceeds from issuance of long-term debt	21,694,284	-	21,694,284	-
Acquisition and construction of capital assets	(2,758,267)	(2,959,217)	(5,717,484)	-
Debt issuance costs paid	(24,352)	-	(24,352)	-
Principal paid on long-term debt	(30,800,834)	(4,559,009)	(35,359,843)	-
Interest paid on long-term debt	(2,316,368)	(1,604,957)	(3,921,325)	-
Capital contributions	12,405	637,620	650,025	-
Net cash provided by (used for) capital and related financing activities	(14,193,132)	(8,485,563)	(22,678,695)	-
Cash flows from investing activities:				
Interest on investments	102,258	405,383	507,641	-
Net change in cash and cash equivalents	(8,877,077)	(2,973,011)	(11,850,088)	716,618
Cash and cash equivalents - January 1	23,218,315	17,123,135	40,341,450	399,413
Cash and cash equivalents - December 31	<u>\$ 14,341,238</u>	<u>\$ 14,150,124</u>	<u>\$ 28,491,362</u>	<u>\$ 1,116,031</u>
Cash and cash equivalents consist of the following:				
Unrestricted	\$ 5,004,579	\$ 5,448,965	\$ 10,453,544	\$ 1,116,031
Restricted	9,336,659	8,701,159	18,037,818	-
Total	<u>\$ 14,341,238</u>	<u>\$ 14,150,124</u>	<u>\$ 28,491,362</u>	<u>\$ 1,116,031</u>

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended December 31, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Water	Wastewater	Total	
Reconciliation of operating income to net cash provided by operating activities				
Operating income	\$ 4,974,662	\$ 2,505,471	\$ 7,480,133	\$ 739,141
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation	2,262,140	2,570,375	4,832,515	-
(Increase) decrease in assets:				
Receivables	(656,787)	(21,932)	(678,719)	(57,411)
Due from other governmental units	-	(23,074)	(23,074)	-
Inventory	(37,380)	-	(37,380)	-
Other	143,829	-	143,829	-
Increase (decrease) in liabilities:				
Accounts payable	90,869	40,926	131,795	24,444
Accrued compensation	(2,679)	4,188	1,509	229
Other	165,653	20,111	185,764	28,390
Unearned revenues	(3,517)	(6,203)	(9,720)	(18,175)
Compensated absences	18,889	13,427	32,316	-
Other post-employment benefits	27,714	25,050	52,764	-
Due to other local governments	-	(21,170)	(21,170)	-
Net cash provided by operating activities	<u>\$ 6,983,393</u>	<u>\$ 5,107,169</u>	<u>\$ 12,090,562</u>	<u>\$ 716,618</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Fond du Lac, Wisconsin ("the City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the City are described below:

1. Reporting Entity

The City of Fond du Lac is a municipal corporation governed by an elected seven member council. In accordance with GAAP, the basic financial statements are required to include the City (the primary government) and any separate component units that have a significant operational or financial relationship with the City. The City has not identified any component units that are required to be included in the basic financial statements in accordance with standards established by GASB Statement Nos. 14 and 39.

2. Related Organization

The City's officials are also responsible for appointing the members of the board of another organization, but the City's accountability for this organization does not extend beyond making the appointments. Therefore this organization is not included in the City's reporting entity. The City Council appoints the members of the following related organization:

The Housing Authority of the City of Fond du Lac - The Housing Authority was established by the City to administer the low and moderate income housing program funded by federal grants and rental income. Although board members of the Housing Authority are appointed by the City Council, there is no financial interdependency with the City of Fond du Lac nor does the City have any significant influence over Housing Authority operations. The City does not provide funding for the Housing Authority. Additionally, the City does not hold title to any of the Housing Authority assets, nor does it have any right to the Housing Authority's surpluses. The City has no legal obligation to fund Housing Authority programs should grant funding no longer be available.

3. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which are primarily supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Governmental funds include general, special revenue, debt service and capital projects funds. Proprietary funds include enterprise and internal service funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports the following major governmental funds:

GENERAL FUND

This is the City's main operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

DEBT SERVICE FUND

This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major enterprise funds:

WATER UTILITY

This fund accounts for all activities necessary to provide water services to residential, commercial, and industrial customers of the City. Fund activities include administration, billing and collection, operations, construction, maintenance, financing and related debt service.

WASTEWATER COLLECTION AND TREATMENT SYSTEM

This fund accounts for all activities necessary to provide sewer services to residential, commercial, and industrial customers within the City and various outlying sanitary districts. Fund activities include administration, operations, construction, and maintenance of the sewerage collection and treatment system.

Additionally, the government reports the following fund types:

Internal service funds account for health self-insurance provided to other departments of the City on a cost reimbursement basis.

4. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues susceptible to accrual include intergovernmental grants, intergovernmental charges for services, public charges for services and interest. Other revenues such as licenses and permits, other fines and forfeits and miscellaneous revenues are recognized when received in cash or when measurable and available.

Certain private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following certain subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, and fees and fines, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

5. Assets, Liabilities and Net Assets or Equity

a. Cash and Investments

Cash and investments are combined in the financial statements. Cash deposits consist of demand and time deposits with financial institutions and are carried at cost. Investments are stated at fair value. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. For purposes of the statement of cash flows, all cash deposits and highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash equivalents.

b. Accounts Receivable

Accounts receivable are recorded at gross amount with uncollectible amounts recognized under the direct write-off method. An allowance for uncollectible accounts has been provided in the basic financial statements.

CITY OF FOND DU LAC, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds" in the fund financial statements. Noncurrent portions of the interfund receivables for the governmental funds are reported as "advances to other funds" and are offset by a reservation of fund balance since they do not constitute expendable available financial resources and therefore are not available for appropriation.

The amount reported on the statement of net assets for internal balances represents the residual balance outstanding between the governmental activities and business-type activities.

d. Inventories

Inventories are recorded at cost, which approximates market, using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Inventories of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

e. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current fiscal year are recorded as prepaid items.

Prepaid items of governmental funds in the fund financial statements are offset by fund balance reserve amounts to indicate that they do not represent spendable available financial resources.

f. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or higher and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-type Activities
	Years	
<u>Assets</u>		
Land improvements	15 - 20	15 - 20
Buildings	30 - 40	12 - 47
Machinery and equipment	2 - 20	5 - 45
Improvements other than buildings	-	25 - 77
Infrastructure	20 - 40	-

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits in accordance with bargaining unit agreements. All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds in the fund financial statements only if they have matured, for example, as a result of employee resignations and retirements.

h. Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for resources that have been received, but not yet recognizable.

i. Long-term Obligations

In the government-wide financial statements, and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Fund Equity

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

GOVERNMENT-WIDE AND PROPRIETARY FUND STATEMENTS

Equity is classified as net assets and displayed in three components:

- Invested in capital assets, net of related debt - Amount of capital assets, net of accumulated depreciation, less outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted net assets - Amount of net assets that are subject to restrictions that are imposed by 1) external groups, such as creditors, grantors, contributors or laws or regulations of other governments or 2) law through constitutional provisions or enabling legislation.
- Unrestricted net assets - Net assets that are neither classified as restricted nor as invested in capital assets, net of related debt.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE B - STEWARDSHIP AND COMPLIANCE

1. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the basic financial statements:

- a. On or about October 1, the City Manager submits to the City Council a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. After submission to the governing body, public hearings are held to obtain taxpayer comments. Following the public hearings, the proposed budget, including authorized additions and deletions, is legally enacted by City Council resolution.
- b. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. Budget is defined as the originally approved budget plus or minus approved amendments. Budget appropriations not expended during the year are closed to fund balance unless authorized by the governing body to be forwarded into the succeeding year's budget.
- c. During the year, formal budgetary integration is employed as a management control device for the general fund, debt service fund, special revenue funds, except for the Community Development Grant, TIF Districts and Property Insurance Deductible Special Revenue Funds, and capital projects funds. The City Manager is authorized to transfer budgeted amounts between budget codes within a department; however, expenditures may not legally exceed appropriations at the above levels unless authorized by two-thirds vote of the City Council. Budgeted amounts are as originally adopted, or as amended by the City Council. Supplemental amendments were necessary during the year but were not material in relation to the original appropriation.
- d. The budget as enacted includes total expenditures at the organization level. An organization can be a department, division, fund or other activity. Expenditures cannot legally exceed appropriations at this level. The governmental funds have legally adopted budgets.

The City did not have any material violation of legal or contractual provisions for the fiscal year ended December 31, 2010.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE B - STEWARDSHIP AND COMPLIANCE (Continued)

2. Excess of Expenditures over Budget Appropriations

The following expenditure accounts of the general, special revenue, debt service and capital projects funds had actual expenditures in excess of budget appropriations for the year ended December 31, 2010 as follows:

Fund	Function	Excess Expenditures
General Fund		
Attorney	General government	\$ 2,946
Delinquent accounts	General government	18,073
City wide	General government	5,261
Fire	Public safety	13,043
Special Revenue Funds		
Library	Culture and recreation	158,774
City grant programs	Public safety	64,923
Community projects	Public safety	36,623
Community projects	Culture and recreation	5,476
Transit	Community development	48,746
Haz mat agreement	Public safety	5,759
Fuel pump maintenance	Public works	32,616
Debt Service Fund		
Principal	Debt service	11,926
Interest	Debt service	41,200
Other	Other	256,233
Capital Projects Funds		
Special assessments	Capital outlay	51,480

The above excess expenditure variances were funded using favorable revenue variances, issuance of long-term debt and available fund balance in the various funds.

3. Deficit Fund Equity

The following funds had deficit fund equity as of December 31, 2010:

Fund	Deficit Fund Equity
Special Revenue Funds	
Parking	\$ 80,511
Transit	157,951

The City anticipates funding the above deficits from future revenues and tax levies of the funds.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS

1. Cash and Investments

The City maintains various cash and investment accounts, including pooled funds that are available for use by all funds. Each fund's portion of these accounts is displayed in the financial statements as "Cash and investments."

Invested cash consists of deposits and investments that are restricted by Wisconsin Statutes to the following:

Time deposits; repurchase agreements; securities issued by federal, state and local governmental entities; statutorily authorized commercial paper and corporate securities; and the Wisconsin local government investment pool.

The carrying amount of the City's cash and investments totaled \$65,030,729 on December 31, 2010 as summarized below:

Petty cash and cash on hand	\$ 24,011
Deposits with financial institutions	13,737,942
Investments	51,268,776
	<u>\$ 65,030,729</u>
Basic financial statements	
Cash and investments	\$ 46,992,911
Restricted cash and investments	18,037,818
	<u>\$ 65,030,729</u>

Deposits and investments of the City are subject to various risks. Presented below is a discussion of the specific risks and the City's policy related to the risk.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Wisconsin statutes require repurchase agreements to be fully collateralized by bonds or securities issued or guaranteed by the federal government or its instrumentalities. The City does not have an additional custodial credit risk policy.

Deposits with financial institutions within the State of Wisconsin are insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$250,000 for time and savings deposits and \$250,000 for demand deposits per official custodian per insured depository institution. Deposits with financial institutions outside the State of Wisconsin are insured by the FDIC in the amount of \$250,000 per official custodian per depository institution. In addition, the City's non-interest bearing transaction accounts are fully insured through December 31, 2012. In addition, the State of Wisconsin has a State Guarantee Fund which provides a maximum of \$400,000 per public depository above the amount provided by an agency of the U.S. Government. However, due to the relatively small size of the State Guarantee Fund in relation to the Fund's total coverage, total recovery of insured losses may not be available.

As of December 31, 2010, none of the City's deposits with financial institutions were in excess of federal depository insurance limits and uncollateralized.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have an additional credit risk policy. Wisconsin statutes limit investments in securities to the top two ratings assigned by nationally recognized statistical rating organizations. Presented below is the actual rating as of yearend for each investment type.

Investment Type	Amount	Exempt From Disclosure	AAA	Aa	Not Rated
Federal National Mortgage Association	\$ 13,585,640	\$ -	\$ 13,585,640	\$ -	\$ -
Federal Home Loan Mortgage Corporation	6,100,968	-	6,100,968	-	-
Federal Home Loan Bank	10,700,192	-	10,700,192	-	-
Federal Farm Credit Bank	6,800,792	-	6,800,792	-	-
Wells Fargo Mutual Funds	21,775	-	-	-	21,775
Fond du Lac Area Community Foundation	29,237	-	-	-	29,237
Wisconsin Local Government Investment Pool	14,030,172	-	-	-	14,030,172
Totals	\$ 51,268,776	\$ -	\$ 37,187,592	\$ -	\$ 14,081,184

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total City investments are as follows:

Issuer	Investment Type	Reported Amount	Percent of Total Investments
Federal National Mortgage Association	Bonds	\$13,585,640	27%
Federal Home Loan Mortgage Corporation	Bonds	6,100,968	12%
Federal Home Loan Bank	Bonds	10,700,192	21%
Federal Farm Credit Bank	Bonds	6,800,792	13%

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City's investment policy follows Wisconsin Statutes which limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Information about the sensitivity of the fair values of the City's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City's investments by maturity:

Investment Type	Amount	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More Than 60 Months
Federal National Mortgage Association	\$ 13,585,640	\$ -	\$ -	\$ 11,349,347	\$ 2,236,293
Federal Home Loan Mortgage Corporation	6,100,968	1,710,164	-	-	4,390,804
Federal Home Loan Bank	10,700,192	2,297,916	1,526,128	1,007,367	5,868,781
Federal Farm Credit Bank	6,800,792	2,917,210	2,855,020	1,028,562	-
Wells Fargo Mutual Funds	21,775	21,775	-	-	-
Fond du Lac Area Community Foundation	29,237	29,237	-	-	-
Wisconsin Local Government Investment Pool	14,030,172	14,030,172	-	-	-
Totals	\$ 51,268,776	\$ 21,006,474	\$ 4,381,148	\$ 13,385,276	\$ 12,495,878

Investments with Fair Values Highly Sensitive to Interest Rate Fluctuations

The City's investments include the following investments that are highly sensitive to interest rate fluctuations (to a greater degree than already indicated in the information provided above):

Highly Sensitive Investments	Fair Value At Year End
------------------------------	------------------------

Mortgage backed securities. These securities are subject to early payment in a period of declining interest rates. The resultant reduction in expected total cash flows affects the fair value of these securities and makes the fair values of these securities highly sensitive to changes in interest rates.

Federal National Mortgage Association	\$13,585,640
Federal Home Loan Mortgage Corporation	6,100,968
Federal Home Loan Bank	10,700,192
Federal Farm Credit Bank	6,800,792

CITY OF FOND DU LAC, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Investment in Wisconsin Local Government Investment Pool

The City has investments in the Wisconsin local government investment pool of \$14,030,172 at year-end. The Wisconsin local government investment pool (LGIP) is part of the State Investment Fund (SIF), and is managed by the State of Wisconsin Investment Board. The SIF is not registered with the Securities and Exchange Commission, but operates under the statutory authority of Wisconsin Chapter 25. The SIF reports the fair value of its underlying assets annually. Participants in the LGIP have the right to withdraw their funds in total on one day's notice. At December 31, 2010, the fair value of the City's share of the LGIP's assets was substantially equal to the carrying value.

Investments held by the City at year end were consistent with those held throughout the year.

2. Property Taxes

The City's property taxes are levied on or about December 1 on the assessed valuation as of the prior January 1 for all property located in the City. Taxes become an enforceable lien on property the following January 1. Taxes are payable in various options depending on the type and amount. Personal property taxes are payable on or before January 31 in full. Real estate taxes are payable in full by January 31 or in two installments on or before January 31, and July 31 with a minimum installment of \$50. Real estate taxes not paid by July 31 are purchased by the County as part of the August tax settlement. Delinquent personal property taxes remain the collection responsibility of the City.

The City bills and collects its own property taxes and also levies and collects taxes for the Fond du Lac School District, North Fond du Lac School District, Fond du Lac County, Moraine Park Technical College and the State of Wisconsin, and the State Forestry tax. Tax settlements with each of the taxing units occurs fifteen days after each installment due date with the final settlement with the County on August 15.

3. Restricted Assets

Restricted assets on December 31, 2010 totaled \$18,037,818 held for the following purposes:

Enterprise Funds

Water Utility	
Bond redemption	\$ 6,747,652
Water plant decommissioning	2,118,365
Construction improvements	470,642
Wastewater Utility	
Equipment replacement	992,990
Bond redemption	7,708,169
Total Enterprise Funds	<u>\$ 18,037,818</u>

CITY OF FOND DU LAC, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

4. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 5,975,244	\$ 288,798	\$ -	\$ 6,264,042
Construction in progress	456,459	1,351,595	456,459	1,351,595
Total capital assets, not being depreciated	6,431,703	1,640,393	456,459	7,615,637
Capital assets, being depreciated:				
Buildings	26,110,274	188,920	-	26,299,194
Improvements other than buildings	9,281,203	-	-	9,281,203
Equipment	17,848,518	1,602,323	359,092	19,091,749
Infrastructure	187,731,399	3,261,250	35,847	190,956,802
Subtotals	240,971,394	5,052,493	394,939	245,628,948
Less accumulated depreciation for:				
Buildings	10,281,220	657,575	-	10,938,795
Improvements other than buildings	4,846,086	48,148	-	4,894,234
Equipment	11,573,148	1,248,883	312,943	12,509,088
Infrastructure	61,715,128	4,194,515	35,847	65,873,796
Subtotals	88,415,582	6,149,121	348,790	94,215,913
Total capital assets, being depreciated, net	152,555,812	(1,096,628)	46,149	151,413,035
Governmental activities capital assets, net	<u>\$ 158,987,515</u>	<u>\$ 543,765</u>	<u>\$ 502,608</u>	159,028,672
Less related long-term debt outstanding				<u>60,947,477</u>
Invested in capital assets, net of related debt				<u>\$ 98,081,195</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 305,815	\$ -	\$ -	\$ 305,815
Construction in progress	532,296	2,551,467	1,808,513	1,275,250
Total capital assets, not being depreciated	838,111	2,551,467	1,808,513	1,581,065
Capital assets, being depreciated:				
Buildings	86,751,716	37,661	-	86,789,377
Improvements other than buildings	95,518,146	4,815,882	144,779	100,189,249
Equipment	31,544,864	229,251	184,060	31,590,055
Subtotals	213,814,726	5,082,794	328,839	218,568,681
Less accumulated depreciation for:				
Buildings	8,140,969	2,292,663	-	10,433,632
Improvements other than buildings	16,559,173	1,474,511	144,779	17,888,905
Equipment	8,933,713	1,216,420	97,138	10,052,995
Subtotals	33,633,855	4,983,594	241,917	38,375,532
Total capital assets, being depreciated, net	180,180,871	99,200	86,922	180,193,149
Business-type activities capital assets, net	<u>\$ 181,018,982</u>	<u>\$ 2,650,667</u>	<u>\$ 1,895,435</u>	181,774,214
Less related long-term debt outstanding				<u>116,097,007</u>
Invested in capital assets, net of related debt				<u>\$ 65,677,207</u>

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Depreciation expense was charged to functions of the City as follows:

Governmental activities	
General government	\$ 204,204
Police	253,637
Fire	288,599
Ambulance	71,639
Public works	4,774,430
Culture and recreation	275,456
Conservation and development	281,156
Total depreciation expense - governmental activities	<u>\$ 6,149,121</u>
Business-type activities	
Water utility	\$ 2,413,219
Wastewater utility	2,570,375
Total depreciation expense - business-type activities	<u>\$ 4,983,594</u>

5. Interfund Receivable, Payables, and Transfers

Interfund transfers for the year ended December 31, 2010 were as follows:

	Transfer to:			
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Totals
Transfers from:				
General fund	\$ -	\$ -	\$ 3,094,933	\$ 3,094,933
Debt Service Fund	-	-	525,045	525,045
Nonmajor Governmental Funds	40,000	106,331	7,050,631	7,196,962
Water Utility	1,269,596	-	-	1,269,596
Totals	<u>\$ 1,309,596</u>	<u>\$ 106,331</u>	<u>\$ 10,670,609</u>	<u>\$ 12,086,536</u>

Transfers are used to: (1) move unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; (2) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; and (3) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service funds as debt service payments become due.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

6. Deferred Revenues

Governmental activities and governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Governmental funds also report deferred revenue in connection with receivables for resources that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue were as follows:

	Unavailable	Unearned	Total
Subsequent year tax levy receivable			
General Fund	\$ -	\$ 15,243,698	\$ 15,243,698
Debt service fund	-	3,178,693	3,178,693
Nonmajor governmental funds		2,707,611	2,707,611
Postponed special assessment installments			
Debt service fund	523,600	-	523,600
Revenue received in advance			
General Fund	-	113,178	113,178
Internal service fund	-	29,970	29,970
Loans receivable			
Nonmajor governmental fund			
Community development block grant fund	6,646,609	-	6,646,609
Totals	\$ 7,170,209	\$ 21,273,150	\$ 28,443,359

Postponed special assessments are generally collectible in annual installments over a period of five years. The commercial and industrial revolving and debt service fund loans are being repaid to the City in installments at various rates. The housing revolving loans will be repaid to the City when the property is no longer the loan recipient's principal place of residence. The City recognizes revenue from the special assessments and loans receivable in the year payments are received.

7. Long-term Obligations

The following is a summary of changes in long-term obligations of the City for the year ended December 31, 2010:

	Outstanding 1/1/10	Issued	Retired	Outstanding 12/31/10	Due Within One Year
Governmental activities:					
General Obligation Debt					
Bonds	\$ 23,775,000	\$ 21,165,000	\$ 800,000	\$ 44,140,000	\$ 825,000
Notes	33,427,477	-	12,220,000	21,207,477	775,000
Total General Obligation Debt	57,202,477	21,165,000	13,020,000	65,347,477	1,600,000
Bond anticipation notes	2,700,000	-	2,700,000	-	-
Note anticipation notes	7,900,000	9,525,000	7,725,000	9,700,000	-
Capital leases	-	149,718	11,926	137,792	31,679
Other post-employment benefits	954,250	423,278	-	1,377,528	-
Compensated absences	1,666,182	1,747,447	1,738,390	1,675,239	1,615,938
Governmental activities Long-term obligations	<u>\$ 70,422,909</u>	<u>\$ 33,010,443</u>	<u>\$ 25,195,316</u>	<u>\$ 78,238,036</u>	<u>\$ 3,247,617</u>
Business-type activities:					
Revenue bonds	\$ 129,762,566	\$ 21,694,284	\$ 35,359,843	\$ 116,097,007	\$ 6,844,617
Other post-employment benefits	123,981	52,764	-	176,745	-
Compensated absences	166,913	172,343	166,913	172,343	172,343
Business-type activities Long-term obligations	<u>\$ 130,053,460</u>	<u>\$ 21,919,391</u>	<u>\$ 35,526,756</u>	<u>\$ 116,446,095</u>	<u>\$ 7,016,960</u>

Total interest paid during the year on long-term debt totaled \$7,000,123.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

General Obligation Debt

General obligation debt currently outstanding is detailed as follows:

Description	Issue Amount	Interest	Maturity Date	Balance as of 12/31/10
<u>General Obligation Bonds</u>				
2001 Refunding serial bonds	\$ 8,540,000	4.88%	04/01/21	\$ 5,775,000
2004 Library refunding serial bonds	3,925,000	4.25%	03/01/19	3,425,000
2007 Refunding serial bonds	10,950,000	5.00%	04/01/22	10,750,000
2009 Refunding bonds	3,125,000	5.00%	05/01/23	3,025,000
2010 Refunding bonds	10,665,000	3.96%	03/01/25	10,665,000
2010 Build America Bonds	7,800,000	3.74%	03/01/30	7,800,000
2010 Refunding bonds	2,700,000	3.05%	04/01/21	2,700,000
Total Bonds				<u>44,140,000</u>

General Obligation Notes

2002 State Trust Fund notes	1,310,000	4.50%	03/15/12	245,000
2004 State Trust Fund notes	5,000,000	5.25%	03/16/24	4,400,000
2006 Capital improvement project notes	5,835,000	4.27%	03/01/16	5,475,000
2007 Capital improvement project notes	6,100,000	4.25%	03/01/17	5,850,000
2007 TIF #10 refunding notes	1,730,000	4.25%	04/01/17	1,430,000
2007 Ready for Re-Use Loan	352,477	0.00%	11/01/16	352,477
2008 Capital improvement project notes	3,655,000	3.83%	03/01/16	3,455,000
Total Notes				<u>21,207,477</u>

Total general obligation bonds and notes \$ 65,347,477

Annual principal and interest maturities of the outstanding general obligation debt on December 31, 2010 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2011	\$ 1,600,000	\$ 3,168,951	\$ 4,768,951
2012	2,255,000	2,777,129	5,032,129
2013	3,215,000	2,664,705	5,879,705
2014	3,765,000	2,523,843	6,288,843
2015	4,740,000	2,351,430	7,091,430
2016-2020	27,492,477	8,288,689	35,781,166
2021-2025	18,055,000	3,049,414	21,104,414
2026-2030	4,225,000	706,250	4,931,250
	<u>\$ 65,347,477</u>	<u>\$ 25,530,411</u>	<u>\$ 90,877,888</u>

For governmental activities, the other long-term liabilities are generally funded by the general fund.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Legal Margin for New Debt

The City's legal margin for creation of additional general obligation debt on December 31, 2010 was \$71,609,022 as follows:

Equalized valuation of the City		\$ 2,696,593,500
Statutory limitation percentage		(x) 5%
General obligation debt limitation, per Section 67.03 of the Wisconsin Statutes		134,829,675
Total outstanding general obligation debt applicable to debt limitation	\$ 65,347,477	
Less amount available for financing general obligation debt	2,126,824	
		63,220,653
Legal Margin for New Debt		\$ 71,609,022

Build America Bonds

The general obligation debt issued on May 12, 2010 qualifies as Build America Bonds, as described in Section 54AA of the Internal Revenue Code. The interest on the debt is taxable as set forth in the regulations. The City is eligible to receive a 35% subsidy of the annual interest payment from the Federal government. In order to receive this subsidy, it is necessary for the City to file a claim form for each interest payment made.

Anticipation Notes

Anticipation notes outstanding on December 31, 2010 totaled \$9,700,000 and consisted of the following issues used to finance capital improvements:

Description	Issue Amount	Interest	Maturity Date	Balance as of 12/31/10
2009 Note anticipation notes	\$ 7,900,000	4.10%	03/01/14	\$ 7,900,000
2010 Note anticipation notes	1,800,000	3.60%	05/01/13	1,800,000
				<u>\$ 9,700,000</u>

Annual principal and interest maturities of the outstanding note anticipation notes on December 31, 2010 are detailed below:

Year Ended December 31	Governmental Activities		
	Principal	Interest	Total
2011	\$ -	\$ 418,282	\$ 418,282
2012	150,000	385,238	535,238
2013	2,100,000	344,962	2,444,962
2014	7,450,000	153,656	7,603,656
	<u>\$ 9,700,000</u>	<u>\$ 1,302,138</u>	<u>\$ 11,002,138</u>

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Capital Leases

The City has entered into lease agreements for the acquisition of library equipment. The lease agreements qualify as capital leases and have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The following is a schedule of future minimum lease payments under these capital leases, and the present value of the minimum lease payments at December 31, 2010.

Year	Payment
2011	\$ 49,381
2012	49,381
2013	49,381
2014	28,805
Less amount representing interest	(39,156)
	<u>\$ 137,792</u>

Revenue Bonds

Revenue bond debt service requirements are financed from operations of the enterprise funds. Revenue bonds outstanding on December 31, 2010 totaling \$116,097,007 are composed of the following issues:

Description	Issue Amount	Interest	Maturity Date	Balance as of 12/31/10
1991 Sewerage system revenue bonds	\$ 1,731,675	3.88%	05/01/11	\$ 123,859
2000 Waterworks system revenue bonds	1,820,000	5.36%	06/01/15	785,000
2001 Waterworks system revenue bonds	6,330,000	4.49%	09/01/12	1,475,000
2001 Waterworks system revenue bonds	2,400,000	5.20%	06/01/18	1,000,000
2002 Waterworks system revenue bonds	2,475,000	4.83%	09/01/18	1,825,000
2003 Waterworks system revenue bonds	4,850,000	4.81%	09/01/23	4,000,000
2003 Sewerage system revenue bonds	1,195,000	3.87%	11/01/12	925,000
2004 Waterworks system revenue bonds	6,950,000	4.41%	09/01/23	6,400,000
2004 Sewerage system revenue bonds	4,950,000	3.87%	11/01/23	4,375,000
2005 Waterworks system revenue bonds	1,030,000	4.00%	09/01/12	330,000
2005 Sewerage system revenue bonds	1,050,000	3.87%	11/01/15	550,000
2007 Alliant Energy sewerage bonds	1,732,532	0.00%	05/01/12	569,523
2008 Sewerage system revenue bonds	57,396,631	2.37%	05/01/25	52,686,848
2008 Waterworks system revenue bonds	21,753,247	2.37%	05/01/27	19,657,494
2010 Waterworks system revenue bonds	10,990,743	2.20%	05/01/29	10,044,283
2010 Waterworks system revenue bonds	11,650,000	4.21%	09/01/29	11,350,000
Total Revenue Bonds				<u>\$ 116,097,007</u>

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

The annual principal and interest maturities of the above outstanding revenue bonds are detailed below (in thousands of dollars):

Year Ended December 31	Business-type Activities		
	Principal	Interest	Total
2011	\$ 6,844,617	\$ 3,378,472	\$ 10,223,089
2012	7,097,003	3,185,016	10,282,019
2013	6,487,514	2,975,296	9,462,810
2014	6,404,710	2,788,703	9,193,413
2015	6,599,430	2,603,103	9,202,533
2016-2020	35,210,465	10,039,098	45,249,563
2021-2025	37,742,675	4,512,687	42,255,362
2026-2029	9,710,593	750,406	10,460,999
	<u>\$ 116,097,007</u>	<u>\$ 30,232,781</u>	<u>\$ 146,329,788</u>

8. Conduit Debt Obligations

From time to time, the City has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2010, there were seven series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$14,061,072.

9. Fund Equity

Net assets of the governmental activities reported on the government-wide statement of net assets at December 31, 2010 includes the following:

Invested in capital assets, net of related debt	
Land	\$ 6,264,042
Improvements other than buildings	9,281,203
Buildings	26,299,194
Equipment	19,091,749
Infrastructure	190,956,802
Construction in progress	1,351,595
Less: Accumulated depreciation	(94,215,913)
Less: Related long-term debt outstanding	(60,947,477)
Total Invested in Capital Assets, Net of Related Debt	<u>98,081,195</u>
Restricted for debt service	<u>2,126,824</u>
Unrestricted	<u>12,357,734</u>
Total Governmental Activities Net Assets	<u>\$ 112,565,753</u>

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE C - DETAILED NOTES ON ALL FUNDS (Continued)

Fund Statements

In the fund financial statements, portions of governmental fund balances are reserved and not available for appropriation or are legally restricted for use for a specific purpose. At December 31, 2010, fund balance was reserved as follows:

General Fund

Reserved for encumbrances	\$ 18,985
Reserved for delinquent personal property taxes	14,126
Reserved for inventories	834,634
Reserved for advances to water utility enterprise fund	937,500
Reserved for other purposes	98,500
	<u>\$ 1,903,745</u>

Debt Service Fund

Reserved for debt service	<u>\$ 2,126,824</u>
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Nonmajor Governmental Funds

Reserved for inventories	\$ 30,052
Reserved for other purposes	1,613,589
	<u>\$ 1,643,641</u>

Also in the fund financial statements, portions of governmental fund balances have been designated to represent tentative management plans that are subject to change. At December 31, 2010, fund balance was designated as follows:

General Fund

Designated for subsequent year's budget	\$ 1,037,669
Designated for working capital	4,627,353
	<u>\$ 5,665,022</u>

Nonmajor Governmental Funds

Designated for subsequent year's expenditures	<u>\$ 14,354,173</u>
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CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE D - OTHER POST-EMPLOYMENT BENEFITS

Plan Description - The City provides health care insurance coverage for employees who retire until they reach the age of 65. The retired employee contributes 100% of the premium for family coverage or 100% of the premium for single coverage. There are 318 active and 49 retired employees in the plan.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), and the amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the Utilities' annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Utilities' net OPEB obligation.

Component	Amount
Annual required contribution	\$ 1,001,557
Interest on net OPEB	43,129
Adjustment to annual required contribution	(54,562)
Annual OPEB cost	990,124
Contributions made	514,082
Change in net OPEB obligation	476,042
OPEB obligation - beginning of year	1,078,231
OPEB obligation - end of year	<u>\$ 1,554,273</u>

The annual required contribution for the current year was determined as part of the January 1, 2010 actuarial valuation using the projected unit credit method. The actuarial assumptions included (a) 4.00% discount rate, and (b) projected salary increases at 1.50%.

The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with a long-term perspective of the calculations. The unfunded actuarial accrued liability is being amortized as a level dollar amount of projected payroll. The remaining amortization period at December 31, 2010 is 28 years, and the remaining amount is \$8,821,561.

Trend Information - The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the previous two years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage Of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2010	\$990,124	52%	\$476,042
12/31/2009	\$873,439	40%	\$525,734
12/31/2008	\$860,429	36%	\$552,497

Funded Status and Funding Progress - As of January 1, 2010, the most recent actuarial valuation date, the Utilities' unfunded actuarial accrued liability (UAAL) was \$8,821,561. The annual payroll for active employees covered by the plan for the 2010 fiscal year was \$20,712,000 for a ratio of the UAAL to covered payroll of 42.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future, such as assumptions about future terminations, mortality, and healthcare cost trends. Actuarially determined amounts are subject to continual revision as actuarial results are compared with past experience and new estimates are made about the future.

CITY OF FOND DU LAC, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE D - OTHER POST-EMPLOYMENT BENEFITS

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effect of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2010 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a rate of 4.00% to discount expected liabilities to the valuation date. The initial healthcare trend rate was 9.60%, reduced by decrements to an ultimate rate of 5.5% after 25 years. The UAAL is being amortized as a level percentage of projected payrolls. The remaining amortization period at December 31, 2010 was 28 years.

NOTE E - OTHER INFORMATION

1. Retirement Commitments

All eligible City employees participate in the Wisconsin Retirement System (WRS), a cost-sharing, multiple-employer, defined benefit, public employee retirement system. All permanent employees expected to work over 600 hours a year are eligible to participate in the WRS. Covered employees in the General category are required by statute to contribute 6.2% of their salary (3.2% for Executives and Elected Officials, 5.5% for Protective Occupations with Social Security, and 3.9% for Protective Occupations without Social Security) to the plan. Employers may make these contributions to the plan on behalf of employees. Employers are required to contribute an actuarially determined amount necessary to fund the remaining projected cost of future benefits.

The payroll for City employees covered by the WRS for the year ended December 31, 2010 was \$19,894,739; the employer's total payroll was substantially the same. The total required contribution for the year ended December 31, 2010 was \$2,531,912, which consisted of \$1,437,810, or 7.2% of covered payroll from the employer and \$1,094,102, or 5.5% of covered payroll from employees. The required contribution for employees for the year ended December 31, 2010 was financed by the City. Total contributions for the years ending December 31, 2009 and 2008 were \$2,989,013 and \$2,936,845 respectively, equal to the required contributions for each year.

Employees who retire at or after age 65 (62 for elected officials and 54 for protective occupation employees with less than 25 years of service, 53 for protective occupations with more than 25 years of service) are entitled to receive a retirement benefit. Employees may retire at age 55 (50 for protective occupation employees) and receive actuarially reduced benefits. The factors influencing the benefit are: (1) final average earnings, (2) years of creditable service, and (3) a formula factor. Final average earnings is the average of the employee's three highest year's earnings. Employees terminating covered employment and submitting an application before becoming eligible for a retirement benefit may withdraw their contributions and, by doing so, forfeit all rights to any subsequent benefit. For employees beginning participation on or after January 1, 1990 and no longer actively employed on or after April 24, 1998, creditable service in each of five years is required for eligibility for a retirement annuity. Participants employed prior to 1990 or after April 24, 1998 are immediately vested.

The WRS also provides death and disability benefits for employees. Eligibility and the amount of all benefits is determined under Chapter 40 of Wisconsin Statutes. The WRS issues an annual financial report which may be obtained by writing to the Department of Employee Trust Funds, P.O. Box 7931, Madison, WI 53707-7931.

CITY OF FOND DU LAC, WISCONSIN

Notes to Basic Financial Statements

December 31, 2010

NOTE E - OTHER INFORMATION (Continued)

The City currently provides contributions to the Wisconsin Retirement Fund for employees formerly covered under the City-sponsored and administered Police-Fire pension fund. This fund was terminated by State Statute in a prior year. In accordance with the statute terminating the pension funds, the City chose a "pay-as-you-go" basis for pension contributions in which payments are made to the Wisconsin Retirement Fund as the benefits become due and payable to the participants of the old plan. The total expenditures for 2010 were \$51,824.

2. Risk Management

The City is exposed to various risks of loss related to medical claims. The City's risk management fund (an Internal Service Fund) is used to account for and finance its uninsured health risk of loss. Under this program, the risk management fund provides coverage for up to an annual maximum of \$100,000 for each individual's total claims with group claims limited to 125% of expected claims annually. The City purchases commercial stop loss insurance for health claims in excess of coverage provided by the fund. Settled claims have not exceeded this commercial insurance coverage since inception of the fund.

All funds of the City participate in the health program and are charged amounts needed to pay prior - and current - year claims and to establish a reserve for future insurance costs. On December 31, 2010 that reserve was \$582,036. The accounts payable of \$594,790 reported in the fund at December 31, 2010 is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the fund's reported liability amount for 2010 and 2009 follow:

	Liability January 1	Current Year Claims and Changes in Estimates	Claim Payments	Liability December 31
2010	\$ 570,346	\$ 5,214,698	\$ 5,190,254	\$ 594,790
2009	696,469	5,539,932	5,666,055	570,346

All other risks, which include comprehensive general liability, automobile, Worker's Compensation, law enforcement, property, crime, public officials, and storage tank pollution are covered by commercial insurance. The gross cost of commercial insurance in 2010 was \$817,211. There has been no reduction in insurance coverage from coverage in the prior year. Insurance settlements for claims resulting from the risks covered by commercial insurance have not exceeded the insurance coverage in any of the past three years.

CITY OF FOND DU LAC, WISCONSIN
Notes to Basic Financial Statements
December 31, 2010

NOTE E - OTHER INFORMATION (Continued)

3. Tax Incremental Districts

The City has established separate debt service funds for its Tax Incremental Districts (TID). The TID's were created by the City in accordance with Section 66.1105 of the Wisconsin Statutes. At the time the Districts were created, the property tax base within each District was "frozen" and increment taxes resulting from increases to the property tax base are used to finance District improvements, including principal and interest on long-term debt issued by the City to finance such improvements. The Statutes allow a tax incremental district to incur eligible project costs for up to five years prior to the termination of the district. The intent of the City is to recover all project costs, including interest on debt used to finance the project costs, from future TID increment revenues prior to termination of the respective District.

Additional information about the City's TID's follows:

TID	Creation Date	Construction Period Ends	Termination Date
9	5/24/00	5/24/18	1/1/24
10	8/25/04	8/25/22	1/1/28
11	1/1/06	6/24/24	1/1/30
12	8/13/08	8/13/26	1/1/32

4. Property Tax Levy Limit

Wisconsin Act 25 imposed a limit on the property tax levies for all Wisconsin cities, villages, towns and counties for a two-year period effective July 27, 2005. Subsequent legislation extended the levy limit through 2010. The current law limits the increase in the maximum allowable tax levy to the greater of the percentage change in the City's January 1 equalized value as a result of net new construction or 3.0% per year in both the 2009 and 2010 budget years. The actual limit for the City for the 2010 budget was 2.0%. Debt service for debt authorized after July 1, 2005 is exempt from the levy limit. In addition, the Act allows the limit to be adjusted for the increase in debt service authorized prior to July 1, 2005 and in certain other situations.

5. Contingencies

- a. The City participates in a number of federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. An audit under OMB Circular A-133 and the *State Single Audit Guidelines* has been conducted but final acceptance is still pending. Accordingly, the City's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the City expects such amounts, if any, to be immaterial.
- b. From time to time, the City is party to other various pending claims and legal proceedings. Although the outcome of such matters cannot be forecast with certainty, it is the opinion of management and the City Attorney that the likelihood is remote that any such claims or proceedings will have a material adverse effect on the City's financial position or results of operations.

6. Subsequent Events

On January 26, 2011 the City Council authorized the issuance of \$5,375,000 General Obligation Refunding Bonds, \$5,700,000 General Obligation Refunding Bonds and \$1,500,000 General Obligation Notes. On that same date, the City Council also authorized the issuance of up to \$471,457 Waterworks Revenue Bonds through the Safe Drinking Water Program.

**REQUIRED
SUPPLEMENTAL
INFORMATION**

CITY OF FOND DU LAC, WISCONSIN

Schedule of Funding Progress
Other Post-Employment Benefit Plan
December 31, 2010

Actuarial Valuation Date December 31	(1) Actuarial Value of Assets	(2) Actuarial Accrued Liability (AAL) Unit Credit	(3) Funded Ratio (1) / (2)	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Covered Payroll	UAAL as a Percentage of Covered Payroll (4) / (5)
2010	\$ -	\$ 8,821,561	0.00%	\$ 8,821,561	\$ 20,712,000	43%

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available.

CITY OF FOND DU LAC, WISCONSIN

Schedule of Employer Contributions

Other Post-Employment Benefit Plan

December 31, 2010

Year Ended December 31,	Employer Contributions	Annual Required Contribution (ARC)	Percentage Contributed
2008	\$ 307,932	\$ 860,429	36%
2009	347,705	873,439	40%
2010	514,082	1,001,557	51%

The City implemented GASB Statement No. 45 for the fiscal year ended December 31, 2008. Information for prior years is not available.

SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are established to account for the proceeds of specific revenue sources or to finance specific activities as required by law or administrative regulations. Their revenues are segregated into individual funds to ensure that expenditures are made exclusively for qualified purposes.

LIBRARY - This fund is used to account for the operation of the Fond du Lac Public Library.

CITY GRANT PROGRAMS - This fund accounts for State of Wisconsin administered programs restricted for paramedic training and safety related equipment for the workplace.

COMMUNITY DEVELOPMENT BLOCK GRANT - This fund accounts for all of the community block grant programs.

AMBULANCE - This fund is used to account for the operation of the City of Fond du Lac's ambulance service.

HARBOR & BOATING FACILITIES - This fund was established to account for boat slip rental fees and boat launch fees accumulated specifically for maintaining and improving the City harbor and boating facilities.

COMMUNITY PROJECTS - This fund was established to account for donations designated for specific purposes to enhance the Fond du Lac community.

PARKING - This fund accounts for revenues from parking meters, permits, and lots. The revenues defray operational costs related to parking operations.

TRANSIT - This fund accounts for the operations and maintenance of the municipal public transportation system.

HAZ MAT AGREEMENT - This fund accounts for interagency haz mat funded by the City, County and users.

FUEL PUMP MAINTENANCE - This fund accounts for the maintenance and replacement of the municipal fuel pump system from fees charged on all fuel used by City departments.

TIF Districts - This fund accounts for the revenues and expenditures of the economic development of the City's Tax Incremental Financing Districts.

PROPERTY INSURANCE DEDUCTIBLE - This fund was established to provide funding for increased deductibles when claims are made.

Capital Projects Funds

Capital Project Funds are used to account for financial resources segregated for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

GENERAL CAPITAL PROJECTS FUND - This fund accounts for the financing and costs of miscellaneous capital projects not accounted for in other funds.

STREET IMPROVEMENTS FUND - This fund accounts for the financing and reconstruction of existing streets, intersections and bridges.

STORM SEWER IMPROVEMENTS FUND - This fund accounts for the financing and construction of existing and new storm sewer projects.

HARBOR IMPROVEMENTS FUND - This fund accounts for the financing and improvements of the harbor including dock replacement.

PARK IMPROVEMENTS FUND - This fund accounts for the financing, construction and improvements of park facilities and playgrounds.

SPECIAL ASSESSMENTS FUND - This fund accounts for the financing and construction of new residential development projects including streets, street lighting, curb/gutters and sidewalks. Upon completion, owners of the benefited property are assessed for the construction costs incurred.

CITY OF FOND DU LAC, WISCONSIN

Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
ASSETS			
Cash and investments	\$ 4,849,946	\$ 11,348,345	\$ 16,198,291
Accounts receivable	57,358	69,512	126,870
Ambulance receivable	326,380	-	326,380
Taxes receivable, net	2,707,611	-	2,707,611
Community development loans receivable	6,646,609	-	6,646,609
Due from other governments	364,482	3,060	367,542
Inventories	30,052	-	30,052
Other	38,644	103,165	141,809
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 15,021,082</u>	<u>\$ 11,524,082</u>	<u>\$ 26,545,164</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 146,567	\$ 437,773	\$ 584,340
Contracts payable	-	359,034	359,034
Accrued compensation	182,902	-	182,902
Due to other funds	256,059	-	256,059
Deferred revenues	9,354,220	-	9,354,220
Other	46,257	3,000	49,257
Total liabilities	<u>9,986,005</u>	<u>799,807</u>	<u>10,785,812</u>
Fund balances:			
Reserved for:			
Inventories	30,052	-	30,052
Other purposes	1,613,589	-	1,613,589
Unreserved:			
Designated for subsequent year's expenditures	3,629,898	10,724,275	14,354,173
Undesignated	(238,462)	-	(238,462)
Total fund balances	<u>5,035,077</u>	<u>10,724,275</u>	<u>15,759,352</u>
	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 15,021,082</u>	<u>\$ 11,524,082</u>	<u>\$ 26,545,164</u>

CITY OF FOND DU LAC, WISCONSIN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2010

ASSETS

	Library	City Grant Programs	Community Development Block Grant	Ambulance	Harbor & Boating Facilities	Community Projects	Parking
Cash and investments	\$ 82,562	\$ 29,551	\$ 1,385,824	\$ 162,158	\$ 212,148	\$ 266,624	\$ -
Accounts receivable	1,226	-	46,795	6	660	1,002	7,140
Ambulance receivable	-	-	-	326,380	-	-	-
Taxes receivable, net	1,782,300	-	-	-	-	351,978	-
Community development loans receivable	-	-	6,646,609	-	-	-	-
Due from other governments	-	3,650	182,483	-	-	19,896	-
Inventories	-	-	-	13,621	-	16,431	-
Other	38,644	-	-	-	-	-	-
Total assets	\$ 1,904,732	\$ 33,201	\$ 8,261,711	\$ 502,165	\$ 212,808	\$ 655,931	\$ 7,140

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 12,077	\$ -	\$ 513	\$ 14,281	\$ 863	\$ 40,314	\$ 9,062
Accrued compensation	57,040	-	-	97,802	-	-	6,697
Due to other funds	-	-	-	-	-	-	47,598
Deferred revenues	1,782,300	-	6,646,609	-	-	351,978	-
Other	-	-	1,000	-	19	420	24,294
Total liabilities	1,851,417	-	6,648,122	112,083	882	392,712	87,651

Fund balances:

Reserved for:							
Inventories	-	-	-	13,621	-	16,431	-
Other purposes	-	-	1,613,589	-	-	-	-
Unreserved:							
Designated for subsequent year's expenditures	53,315	33,201	-	376,461	211,926	246,788	-
Undesignated	-	-	-	-	-	-	(80,511)
Total fund balances	53,315	33,201	1,613,589	390,082	211,926	263,219	(80,511)
Total liabilities and fund balances	\$ 1,904,732	\$ 33,201	\$ 8,261,711	\$ 502,165	\$ 212,808	\$ 655,931	\$ 7,140

(Continued)

CITY OF FOND DU LAC, WISCONSIN

Combining Balance Sheet

Nonmajor Special Revenue Funds

December 31, 2010

ASSETS

	Transit	Haz Mat Agreement	Fuel Pump Maintenance	TIF Districts	Property Insurance Deductible	Total
Cash and investments	\$ -	\$ 26,905	\$ 217,118	\$ 2,431,512	\$ 35,544	\$ 4,849,946
Accounts receivable	476	53	-	-	-	57,358
Ambulance receivable	-	-	-	-	-	326,380
Taxes receivable, net	-	-	-	573,333	-	2,707,611
Community development loans receivable	-	-	-	-	-	6,646,609
Due from other governments	158,453	-	-	-	-	364,482
Inventories	-	-	-	-	-	30,052
Other	-	-	-	-	-	38,644
Total assets	\$ 158,929	\$ 26,958	\$ 217,118	\$ 3,004,845	\$ 35,544	\$ 15,021,082

LIABILITIES AND FUND BALANCES

Liabilities:

Accounts payable	\$ 66,532	\$ -	\$ 2,925	\$ -	\$ -	\$ 146,567
Accrued compensation	21,363	-	-	-	-	182,902
Due to other funds	208,461	-	-	-	-	256,059
Deferred revenues	-	-	-	573,333	-	9,354,220
Other	20,524	-	-	-	-	46,257
Total liabilities	316,880	-	2,925	573,333	-	9,986,005

Fund balances:

Reserved for:

Inventories	-	-	-	-	-	30,052
Other purposes	-	-	-	-	-	1,613,589

Unreserved:

Designated for subsequent year's expenditures

Undesignated	(157,951)	26,958	214,193	2,431,512	35,544	3,629,898
Total fund balances	(157,951)	26,958	214,193	2,431,512	35,544	(238,462)

Total liabilities and fund balances

	\$ 158,929	\$ 26,958	\$ 217,118	\$ 3,004,845	\$ 35,544	\$ 15,021,082
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CITY OF FOND DU LAC, WISCONSIN
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2010

	General Capital Projects	Streets	Storm Sewers	Harbor Improvements	Parks	Special Assessments	Total
ASSETS							
Cash and investments	\$ 1,435,053	\$ 3,644,742	\$ 5,752,668	\$ -	\$ 487,178	\$ 28,704	\$ 11,348,345
Accounts receivable	69,512	-	-	-	-	-	69,512
Due from other governments	3,060	-	-	-	-	-	3,060
Other	103,165	-	-	-	-	-	103,165
Total assets	<u>\$ 1,610,790</u>	<u>\$ 3,644,742</u>	<u>\$ 5,752,668</u>	<u>\$ -</u>	<u>\$ 487,178</u>	<u>\$ 28,704</u>	<u>\$ 11,524,082</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 61,582	\$ 279,955	\$ 93,206	\$ -	\$ 3,030	\$ -	\$ 437,773
Contracts payable	26,792	264,117	65,581	-	1,250	1,294	359,034
Other	3,000	-	-	-	-	-	3,000
Total liabilities	<u>91,374</u>	<u>544,072</u>	<u>158,787</u>	<u>-</u>	<u>4,280</u>	<u>1,294</u>	<u>799,807</u>
Fund balances:							
Unreserved:							
Designated for subsequent year's expenditures	<u>1,519,416</u>	<u>3,100,670</u>	<u>5,593,881</u>	<u>-</u>	<u>482,898</u>	<u>27,410</u>	<u>10,724,275</u>
Total liabilities and fund balances	<u>\$ 1,610,790</u>	<u>\$ 3,644,742</u>	<u>\$ 5,752,668</u>	<u>\$ -</u>	<u>\$ 487,178</u>	<u>\$ 28,704</u>	<u>\$ 11,524,082</u>

CITY OF FOND DU LAC, WISCONSIN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended December 31, 2010

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES			
Property taxes	\$ 1,735,585	\$ -	\$ 1,735,585
Intergovernmental	3,168,471	1,081,246	4,249,717
Charges for services	2,864,925	-	2,864,925
Court and parking fines	84,386	-	84,386
Investment earnings	8,867	-	8,867
Miscellaneous	864,107	63,027	927,134
Total revenues	<u>8,726,341</u>	<u>1,144,273</u>	<u>9,870,614</u>
EXPENDITURES			
General government	8,165	-	8,165
Public safety	4,167,801	-	4,167,801
Public works	763,957	-	763,957
Culture and recreation	3,003,960	-	3,003,960
Community development	2,313,560	-	2,313,560
Capital outlay	1,029,344	7,710,220	8,739,564
Total expenditures	<u>11,286,787</u>	<u>7,710,220</u>	<u>18,997,007</u>
Excess (deficiency) of revenues over expenditures	<u>(2,560,446)</u>	<u>(6,565,947)</u>	<u>(9,126,393)</u>
OTHER FINANCING SOURCES (USES)			
Long-term debt issued	149,718	9,319,000	9,468,718
Transfers in	5,247,830	5,422,779	10,670,609
Transfers out	(467,493)	(6,729,469)	(7,196,962)
Total other financing sources (uses)	<u>4,930,055</u>	<u>8,012,310</u>	<u>12,942,365</u>
Net change in fund balances	2,369,609	1,446,363	3,815,972
Fund balances - January 1	<u>2,665,468</u>	<u>9,277,912</u>	<u>11,943,380</u>
Fund balances - December 31	<u>\$ 5,035,077</u>	<u>\$ 10,724,275</u>	<u>\$ 15,759,352</u>

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

	Library	City Grant Programs	Community Development Block Grant	Ambulance	Harbor & Boating Facilities	Community Projects	Parking
REVENUES							
Property taxes	\$ 1,735,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	868,957	88,225	587,113	260,362	-	262,513	-
Charges for services	107,811	-	-	2,026,810	195,957	-	321,694
Court and parking fines	-	-	-	-	3,460	-	80,926
Investment earnings	-	-	8,621	-	1,960	141	-
Miscellaneous	88,115	10	602,488	-	-	105,268	-
Total revenues	<u>2,800,468</u>	<u>88,235</u>	<u>1,198,222</u>	<u>2,287,172</u>	<u>201,377</u>	<u>367,922</u>	<u>402,620</u>
EXPENDITURES							
General government	-	2,910	-	-	-	-	-
Public safety	-	72,923	-	3,969,210	-	82,342	-
Public works	-	-	-	-	-	723,056	-
Culture and recreation	2,890,588	-	-	-	85,396	27,976	-
Community development	-	11,705	195,297	-	-	-	431,055
Capital outlay	-	-	1,029,344	-	-	-	-
Total expenditures	<u>2,890,588</u>	<u>87,538</u>	<u>1,224,641</u>	<u>3,969,210</u>	<u>85,396</u>	<u>833,374</u>	<u>431,055</u>
Excess (deficiency) of revenues over expenditures	<u>(90,120)</u>	<u>697</u>	<u>(26,419)</u>	<u>(1,682,038)</u>	<u>115,981</u>	<u>(465,452)</u>	<u>(28,435)</u>
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	149,718	-	-	-	-	-	-
Transfers in	-	-	-	2,028,343	-	506,837	-
Transfers out	(20,575)	-	-	(190,000)	(100,690)	-	-
Total other financing sources (uses)	<u>129,143</u>	<u>-</u>	<u>-</u>	<u>1,838,343</u>	<u>(100,690)</u>	<u>506,837</u>	<u>-</u>
Net change in fund balances	39,023	697	(26,419)	156,305	15,291	41,385	(28,435)
Fund balances (deficit) - January 1	14,292	32,504	1,640,008	233,777	196,635	221,834	(52,076)
Fund balances (deficit) - December 31	<u>\$ 53,315</u>	<u>\$ 33,201</u>	<u>\$ 1,613,589</u>	<u>\$ 390,082</u>	<u>\$ 211,926</u>	<u>\$ 263,219</u>	<u>\$ (80,511)</u>

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

	Transit	Haz Mat Agreement	Fuel Pump Maintenance	TIF Districts	Property Insurance Deductible	Total
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,735,585
Intergovernmental	1,067,573	33,728	-	-	-	3,168,471
Charges for services	212,347	306	-	-	-	2,864,925
Court and parking fines	-	-	-	-	-	84,386
Investment earnings	(1,855)	-	-	-	-	8,867
Miscellaneous	18,777	-	49,449	-	-	864,107
Total revenues	1,296,842	34,034	49,449	-	-	8,726,341
EXPENDITURES						
General government	-	-	-	-	5,255	8,165
Public safety	-	43,326	-	-	-	4,167,801
Public works	-	-	40,616	285	-	763,957
Culture and recreation	-	-	-	-	-	3,003,960
Community development	1,675,503	-	-	-	-	2,313,560
Capital outlay	-	-	-	-	-	1,029,344
Total expenditures	1,675,503	43,326	40,616	285	5,255	11,286,787
Excess (deficiency) of revenues over expenditures	(378,661)	(9,292)	8,833	(285)	(5,255)	(2,560,446)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	-	-	-	149,718
Transfers in	273,353	7,500	-	2,431,797	-	5,247,830
Transfers out	(156,228)	-	-	-	-	(467,493)
Total other financing sources (uses)	117,125	7,500	-	2,431,797	-	4,930,055
Net change in fund balances	(261,536)	(1,792)	8,833	2,431,512	(5,255)	2,369,609
Fund balances (deficit) - January 1	103,585	28,750	205,360	-	40,799	2,665,468
Fund balances (deficit) - December 31	\$ (157,951)	\$ 26,958	\$ 214,193	\$ 2,431,512	\$ 35,544	\$ 5,035,077

CITY OF FOND DU LAC, WISCONSIN
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2010

	General Capital Projects	Streets	Storm Sewers	Harbor Improvements	Parks	Special Assessments	Total
REVENUES							
Intergovernmental	\$ 752,291	\$ -	\$ 328,955	\$ -	\$ -	\$ -	\$ 1,081,246
Miscellaneous	58,027	-	-	-	5,000	-	63,027
Total revenues	810,318	-	328,955	-	5,000	-	1,144,273
EXPENDITURES							
Capital outlay	2,800,283	2,082,551	2,608,026	14,934	152,946	51,480	7,710,220
Excess (deficiency) of revenues over expenditures	(1,989,965)	(2,082,551)	(2,279,071)	(14,934)	(147,946)	(51,480)	(6,565,947)
OTHER FINANCING SOURCES (USES)							
Long-term debt issued	3,209,000	2,048,500	3,759,000	-	302,500	-	9,319,000
Transfers in	1,214,709	2,643,255	1,255,271	14,934	268,186	26,424	5,422,779
Transfers out	(2,669,487)	(2,493,373)	(1,181,675)	-	(282,297)	(102,637)	(6,729,469)
Total other financing sources (uses)	1,754,222	2,198,382	3,832,596	14,934	288,389	(76,213)	8,012,310
Net change in fund balances	(235,743)	115,831	1,553,525	-	140,443	(127,693)	1,446,363
Fund balances - January 1	1,755,159	2,984,839	4,040,356	-	342,455	155,103	9,277,912
Fund balances - December 31	\$ 1,519,416	\$ 3,100,670	\$ 5,593,881	\$ -	\$ 482,898	\$ 27,410	\$ 10,724,275

CITY OF FOND DU LAC, WISCONSIN
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

	Library			City Grant Programs			Ambulance		
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES									
Property taxes	\$ 1,735,585	\$ 1,735,585	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	841,200	868,957	27,757	27,900	88,225	60,325	261,410	260,362	(1,048)
Charges for services	74,652	107,811	33,159	-	-	-	1,948,000	2,026,810	78,810
Court and parking fines	-	-	-	-	-	-	-	-	-
Investment earnings	-	-	-	-	-	-	-	-	-
Miscellaneous	80,377	88,115	7,738	-	10	10	-	-	-
Total revenues	2,731,814	2,800,468	68,654	27,900	88,235	60,335	2,209,410	2,287,172	77,762
EXPENDITURES									
General government	-	-	-	3,800	2,910	890	-	-	-
Public safety	-	-	-	8,000	72,923	(64,923)	4,043,148	3,969,210	73,938
Public works	-	-	-	-	-	-	-	-	-
Culture and recreation	2,731,814	2,890,588	(158,774)	-	-	-	-	-	-
Community development	-	-	-	17,000	11,705	5,295	-	-	-
Total expenditures	2,731,814	2,890,588	(158,774)	28,800	87,538	(58,738)	4,043,148	3,969,210	73,938
Excess (deficiency) of revenues over expenditures	-	(90,120)	(90,120)	(900)	697	1,597	(1,833,738)	(1,682,038)	151,700
OTHER FINANCING SOURCES (USES)									
Long-term debt issued	-	149,718	149,718	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	2,028,343	2,028,343	-
Transfers out	-	(20,575)	(20,575)	-	-	-	(190,000)	(190,000)	-
Total other financing sources (uses)	-	129,143	129,143	-	-	-	1,838,343	1,838,343	-
Net change in fund balances	-	39,023	39,023	(900)	697	1,597	4,605	156,305	151,700
Fund balances (deficit) - January 1	14,292	14,292	-	32,504	32,504	-	233,777	233,777	-
Fund balances (deficit) - December 31	\$ 14,292	\$ 53,315	\$ 39,023	\$ 31,604	\$ 33,201	\$ 1,597	\$ 238,382	\$ 390,082	\$ 151,700

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

	Harbor & Boating Facilities		Community Projects		Parking	
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	194,000	195,957	1,957	232,379	262,513	30,134
Court and parking fines	4,750	3,460	(1,290)	-	-	-
Investment earnings	3,000	1,960	(1,040)	-	-	-
Miscellaneous	-	-	-	50	141	91
Total revenues	201,750	201,377	(373)	272,154	367,922	65,543
				451,000	402,620	(48,380)
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	-	-	45,719	82,342	(36,623)
Public works	-	-	-	811,500	723,056	88,444
Culture and recreation	99,794	85,396	14,398	22,500	27,976	(5,476)
Community development	-	-	-	-	-	-
Total expenditures	99,794	85,396	14,398	879,719	833,374	46,345
				468,464	431,055	37,409
				468,464	431,055	37,409
Excess (deficiency) of revenues over expenditures	101,956	115,981	14,025	(607,565)	(465,452)	142,113
				(17,464)	(28,435)	(10,971)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	-	-	-	-
Transfers in	-	-	-	506,837	506,837	-
Transfers out	(100,756)	(100,690)	66	-	-	-
Total other financing sources (uses)	(100,756)	(100,690)	66	506,837	506,837	-
				-	-	-
Net change in fund balances	1,200	15,291	14,091	(100,728)	41,385	142,113
				(17,464)	(28,435)	(10,971)
Fund balances (deficit) - January 1	196,635	196,635	-	221,834	221,834	-
				(52,076)	(52,076)	-
Fund balances (deficit) - December 31	\$ 197,835	\$ 211,926	\$ 14,091	\$ 121,106	\$ 263,219	\$ 142,113
				\$ (69,540)	\$ (80,511)	\$ (10,971)

(Continued)

CITY OF FOND DU LAC, WISCONSIN
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2010

	Transit		Hazard Mat Agreement		Fuel Pump Maintenance	
	Original and Final Budget	Actual	Variance-Positive (Negative)	Original and Final Budget	Actual	Variance-Positive (Negative)
REVENUES						
Property taxes	\$ 273,353	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,067,904	1,067,573	(331)	15,000	33,728	18,728
Charges for services	268,500	212,347	(56,153)	-	306	306
Court and parking fines	-	-	-	-	-	-
Investment earnings	5,000	(1,855)	(6,855)	-	-	-
Miscellaneous	12,000	18,777	6,777	-	-	-
Total revenues	1,626,757	1,296,842	(56,562)	15,000	34,034	19,034
					48,000	1,449
					48,000	1,449
EXPENDITURES						
General government	-	-	-	-	-	-
Public safety	-	-	-	37,567	43,326	(5,759)
Public works	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community development	1,626,757	1,675,503	(48,746)	-	-	-
Total expenditures	1,626,757	1,675,503	(48,746)	37,567	43,326	(5,759)
					8,000	(32,616)
					8,000	(32,616)
Excess (deficiency) of revenues over expenditures	-	(378,661)	(105,308)	(22,567)	(9,292)	13,275
					40,000	(31,167)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	-	-	-	-	-	-
Transfers in	-	273,353	(273,353)	7,500	7,500	-
Transfers out	(156,228)	(156,228)	-	-	-	-
Total other financing sources (uses)	(156,228)	117,125	(273,353)	7,500	7,500	-
					-	-
Net change in fund balances	(156,228)	(261,536)	(378,661)	(15,067)	(1,792)	13,275
					40,000	(31,167)
Fund balances (deficit) - January 1	103,585	103,585	-	28,750	28,750	-
					205,360	-
Fund balances (deficit) - December 31	\$ (52,643)	\$ (157,951)	\$ (378,661)	\$ 13,683	\$ 26,958	\$ 13,275
					\$ 245,360	\$ (31,167)

CITY OF FOND DU LAC, WISCONSIN
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual
Debt Service Fund
For the Year Ended December 31, 2010

	Original Budget	Final Budget	Actual	Variance with Final Budget- Positive (Negative)
REVENUES				
Property taxes	\$ 3,684,353	\$ 3,684,353	\$ 3,722,371	\$ 38,018
Intergovernmental	2,699	2,699	2,004	(695)
Special assessments	321,000	321,000	359,422	38,422
Investment interest	108,000	108,000	79,512	(28,488)
Miscellaneous	443,238	443,238	122,902	(320,336)
Total revenues	<u>4,559,290</u>	<u>4,559,290</u>	<u>4,286,211</u>	<u>(273,079)</u>
EXPENDITURES				
Debt Service				
Principal	5,545,000	5,545,000	5,556,926	(11,926)
Interest	3,037,599	3,037,599	3,078,799	(41,200)
Other	186,786	186,786	443,019	(256,233)
Total expenditures	<u>8,769,385</u>	<u>8,769,385</u>	<u>9,078,744</u>	<u>(309,359)</u>
Excess (deficiency) of revenues over expenditures	<u>(4,210,095)</u>	<u>(4,210,095)</u>	<u>(4,792,533)</u>	<u>(582,438)</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	2,700,000	2,700,000	21,165,000	18,465,000
Premium on long-term debt issued	-	-	34,517	34,517
Long-term debt issued	-	-	206,000	206,000
Payment to refunding escrow agent	-	-	(18,152,522)	(18,152,522)
Transfers in	85,756	85,756	106,331	20,575
Transfers out	-	-	(525,045)	(525,045)
Total other financing sources (uses)	<u>2,785,756</u>	<u>2,785,756</u>	<u>2,834,281</u>	<u>48,525</u>
Net change in fund balances	(1,424,339)	(1,424,339)	(1,958,252)	(533,913)
Fund balances - January 1	<u>4,085,076</u>	<u>4,085,076</u>	<u>4,085,076</u>	<u>-</u>
Fund balances - December 31	<u>\$ 2,660,737</u>	<u>\$ 2,660,737</u>	<u>\$ 2,126,824</u>	<u>\$ (533,913)</u>

CITY OF FOND DU LAC, WISCONSIN

Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Project Funds

For the Year Ended December 31, 2010

	General Capital Projects			Streets	
	Original and Final Budget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual
REVENUES					
Intergovernmental	\$ 930,800	\$ 752,291	\$ (178,509)	\$ 1,607,500	\$ -
Miscellaneous	-	58,027	58,027	-	-
Total revenues	930,800	810,318	(120,482)	1,607,500	-
EXPENDITURES					
Capital outlay	3,126,729	2,800,283	326,446	3,716,000	2,082,551
Excess (deficiency) of revenues over expenditures	(2,195,929)	(1,989,965)	205,964	(2,108,500)	(2,082,551)
OTHER FINANCING SOURCES (USES)					
Long-term debt issued	1,565,000	3,209,000	1,644,000	2,048,500	2,048,500
Transfers in	527,957	1,214,709	686,752	60,000	2,643,255
Transfers out	-	(2,669,487)	(2,669,487)	-	(2,493,373)
Total other financing sources (uses)	2,092,957	1,754,222	(338,735)	2,108,500	2,198,382
Net change in fund balances	(102,972)	(235,743)	(132,771)	-	115,831
Fund balances - January 1	1,755,159	1,755,159	-	2,984,839	2,984,839
Fund balances - December 31	\$ 1,652,187	\$ 1,519,416	\$ (132,771)	\$ 2,984,839	\$ 3,100,670

(Continued)

CITY OF FOND DU LAC, WISCONSIN

Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Project Funds

For the Year Ended December 31, 2010

	Storm Sewers			Harbor Improvements		
	Original and Final Budget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES						
Intergovernmental	\$ -	\$ 328,955	\$ 328,955	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	-	-
Total revenues	-	328,955	328,955	-	-	-
EXPENDITURES						
Capital outlay	3,922,500	2,608,026	1,314,474	15,000	14,934	66
Excess (deficiency) of revenues over expenditures	(3,922,500)	(2,279,071)	1,643,429	(15,000)	(14,934)	66
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	3,759,000	3,759,000	-	-	-	-
Transfers in	63,500	1,255,271	1,191,771	15,000	14,934	(66)
Transfers out	-	(1,181,675)	(1,181,675)	-	-	-
Total other financing sources (uses)	3,822,500	3,832,596	10,096	15,000	14,934	(66)
Net change in fund balances	(100,000)	1,553,525	1,653,525	-	-	-
Fund balances - January 1	4,040,356	4,040,356	-	-	-	-
Fund balances - December 31	\$ 3,940,356	\$ 5,593,881	\$ 1,653,525	\$ -	\$ -	\$ -

(Continued)

CITY OF FOND DU LAC, WISCONSIN

Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Capital Project Funds

For the Year Ended December 31, 2010

	Parks			Special Assessments		
	Original and Final Budget	Actual	Variance- Positive (Negative)	Original and Final Budget	Actual	Variance- Positive (Negative)
REVENUES						
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	5,000	5,000	-	-	-
Total revenues	-	5,000	5,000	-	-	-
EXPENDITURES						
Capital outlay	302,500	152,946	149,554	-	51,480	(51,480)
Excess (deficiency) of revenues over expenditures	(302,500)	(147,946)	154,554	-	(51,480)	(51,480)
OTHER FINANCING SOURCES (USES)						
Long-term debt issued	302,500	302,500	-	-	-	-
Transfers in	-	268,186	268,186	-	26,424	26,424
Transfers out	-	(282,297)	(282,297)	-	(102,637)	(102,637)
Total other financing sources (uses)	302,500	288,389	(14,111)	-	(76,213)	(76,213)
Net change in fund balances	-	140,443	140,443	-	(127,693)	(127,693)
Fund balances - January 1	342,455	342,455	-	155,103	155,103	-
Fund balances - December 31	\$ 342,455	\$ 482,898	\$ 140,443	\$ 155,103	\$ 27,410	\$ (127,693)

CITY OF FOND DU LAC, WISCONSIN
Schedule of Governmental Capital Assets - By Source
December 31, 2010

	<u>2010</u>
Governmental capital assets:	
Land	\$ 6,264,042
Buildings	26,299,194
Improvements other than buildings	9,281,203
Equipment	19,091,749
Infrastructure	190,956,802
Construction in progress	<u>1,351,595</u>
Total governmental capital assets	<u><u>\$ 253,244,585</u></u>
Investments in governmental capital assets by source:	
Capital projects funds - General obligation bonds/notes	\$ 225,005,996
General fund revenues	10,138,220
Gifts	490,450
Private development	3,458,365
City owned	6,000
Non-cash transactions	100,917
Special revenue funds	9,531,431
Federal grants	3,569,410
State grants	<u>943,796</u>
Total governmental funds capital assets	<u><u>\$ 253,244,585</u></u>

CITY OF FOND DU LAC, WISCONSIN
Schedule of Governmental Capital Assets by Function and Activity
December 31, 2010

	Land	Buildings	Improvements Other Than Buildings	Equipment	Infrastructure	Construction in Progress	Total
General government	\$ 1,757,261	\$ 3,267,281	\$ 311,684	\$ 1,732,726	\$ 146,029	\$ -	\$ 7,214,981
Public safety							
Police protection	377,000	2,599,416	8,400	2,430,099	-	56,753	5,471,668
Fire protection	454,342	2,495,877	23,541	3,397,165	-	182,695	6,553,620
Ambulance	-	-	-	945,917	-	-	945,917
Public works	1,527,348	6,817,958	8,006,119	8,141,975	190,810,773	1,112,147	216,416,320
Senior Center	155,080	976,178	10,008	-	-	-	1,141,266
Library	-	4,841,531	-	179,962	-	-	5,021,493
Transit	-	485,272	127,484	2,187,344	-	-	2,800,100
Parking	1,993,011	4,815,681	793,967	76,561	-	-	7,679,220
Total governmental capital assets	<u>\$ 6,264,042</u>	<u>\$ 26,299,194</u>	<u>\$ 9,281,203</u>	<u>\$ 19,091,749</u>	<u>\$ 190,956,802</u>	<u>\$ 1,351,595</u>	<u>\$ 253,244,585</u>

CITY OF FOND DU LAC, WISCONSIN

Schedule of Changes in Governmental Capital Assets - By Function and Activity
For the Year Ended December 31, 2010

	Balance December 31, 2009	2010 Additions and Transfers	2010 Deductions and Transfers	Balance December 31, 2010
General government	\$ 6,792,385	\$ 482,419	\$ 59,823	\$ 7,214,981
Public safety				
Police protection	5,029,499	707,892	265,723	5,471,668
Fire protection	6,314,730	260,494	21,604	6,553,620
Ambulance	945,917	-	-	945,917
Public works	211,889,642	5,030,926	504,248	216,416,320
Senior Center	1,141,266	-	-	1,141,266
Library	4,866,494	154,999	-	5,021,493
Transit	2,743,944	56,156	-	2,800,100
Parking	7,679,220	-	-	7,679,220
Total governmental capital assets	<u>\$ 247,403,097</u>	<u>\$ 6,692,886</u>	<u>\$ 851,398</u>	<u>\$ 253,244,585</u>

Statistical Section

STATISTICAL SECTION

This part of the City of Fond du Lac's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, required supplementary information, and supplementary information says about the City's overall financial health.

<u>Category</u>	<u>Pages</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	84 - 88
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	89 - 92
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	93 - 98
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	99 - 100
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	101 - 102

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

City of Fond du Lac, Wisconsin

NET ASSETS BY COMPONENT

Last Eight Fiscal Years

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities								
Invested in Capital Assets, net of related debt	\$ 104,611,289	\$ 114,763,055	\$ 107,220,232	\$ 107,412,441	\$ 106,473,954	\$ 104,098,121	\$ 95,685,038	\$ 98,081,195
Restricted	2,697,914	-	1,783,067	2,092,982	3,701,801	4,580,770	4,085,076	2,126,824
Unrestricted	11,246,432	14,520,544	18,583,789	20,270,954	19,258,033	17,773,361	19,697,434	12,357,734
Total government activities net assets	<u>\$ 118,555,635</u>	<u>\$ 129,283,599</u>	<u>\$ 127,587,088</u>	<u>\$ 129,776,377</u>	<u>\$ 129,433,788</u>	<u>\$ 126,452,252</u>	<u>\$ 119,467,548</u>	<u>\$ 112,565,753</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 41,730,135	\$ 48,198,600	\$ 51,995,538	\$ 66,061,153	\$ 68,077,271	\$ 66,483,919	\$ 65,864,910	\$ 65,677,207
Restricted	11,552,486	16,101,206	12,347,326	13,129,295	8,192,121	9,580,648	14,131,694	18,037,817
Unrestricted	7,113,904	1,358,034	4,536,385	(249,756)	7,663,590	13,513,824	24,545,964	23,947,053
Total business-type activities net assets	<u>\$ 60,396,525</u>	<u>\$ 65,657,840</u>	<u>\$ 68,879,249</u>	<u>\$ 78,940,692</u>	<u>\$ 83,932,982</u>	<u>\$ 89,578,391</u>	<u>\$ 104,542,568</u>	<u>\$ 107,662,077</u>
Primary government								
Invested in Capital Assets, net of related debt	\$ 146,341,424	\$ 162,961,655	\$ 159,215,770	\$ 173,473,594	\$ 174,551,225	\$ 170,582,040	\$ 161,549,948	\$ 163,758,402
Restricted	14,250,400	16,101,206	14,130,393	15,222,277	11,893,922	14,161,418	18,216,770	20,164,641
Unrestricted	18,360,336	15,878,578	23,120,174	20,021,198	26,921,623	31,287,185	44,243,398	36,304,787
Total Primary Government	<u>\$ 178,952,160</u>	<u>\$ 194,941,439</u>	<u>\$ 196,466,337</u>	<u>\$ 208,717,069</u>	<u>\$ 213,366,770</u>	<u>\$ 216,030,643</u>	<u>\$ 224,010,116</u>	<u>\$ 220,227,830</u>

City of Fond du Lac, Wisconsin

CHANGES IN NET ASSETS

Last Eight Fiscal Years

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Expenses								
Governmental activities								
General government	\$ 2,859,287	\$ 2,330,705	\$ 2,556,567	\$ 2,779,444	\$ 2,833,948	\$ 2,814,325	\$ 2,914,420	\$ 3,304,979
Public safety								
Police	7,379,182	7,181,838	7,494,643	7,968,549	8,398,117	9,133,179	9,000,024	9,461,405
Fire	3,751,721	3,954,671	4,063,646	4,417,020	4,383,733	4,811,381	4,759,846	5,032,647
Ambulance	2,847,742	2,964,868	3,108,221	3,502,869	3,737,590	4,218,163	3,926,524	4,025,495
Public works	11,218,086	12,454,348	12,288,173	11,341,445	11,951,185	13,404,462	13,726,304	12,477,656
Culture and recreation	4,341,642	4,278,115	4,492,145	4,702,299	4,972,988	5,288,562	5,487,129	5,380,792
Community development	4,388,318	4,277,530	6,539,414	6,607,423	5,879,691	5,675,255	6,222,465	5,080,481
Interest on long-term debt	2,069,254	2,359,710	2,457,213	2,602,518	2,151,306	2,681,123	2,897,520	3,591,877
Total governmental activities expenses	38,855,232	39,801,785	43,000,022	43,921,567	44,308,558	48,026,450	48,934,232	48,355,332
Business-type activities								
Water	4,780,356	5,030,026	5,403,345	5,605,735	6,567,412	6,784,438	8,952,958	8,873,799
Wastewater	5,560,274	5,927,194	6,052,581	5,936,627	5,818,120	8,082,591	8,811,583	8,865,809
Total business-type activities	10,340,630	10,957,220	11,455,926	11,542,362	12,385,532	14,867,029	17,764,541	17,739,608
Total primary government expenses	\$ 49,195,862	\$ 50,759,005	\$ 54,455,948	\$ 55,463,929	\$ 56,694,090	\$ 62,893,479	\$ 66,698,773	\$ 66,094,940
Program Revenues								
Governmental activities:								
Fees, fines and charges for services:								
General government	\$ 865,672	\$ 941,341	\$ 1,011,330	\$ 919,690	\$ 971,074	\$ 934,277	\$ 960,688	\$ 1,233,397
Public safety								
Police	187,725	154,084	283,133	217,162	214,356	171,602	148,394	139,424
Fire	60,460	22,708	20,347	33,319	13,015	20,280	15,585	20,539
Ambulance	1,188,313	1,321,524	1,393,765	1,718,604	1,914,063	2,309,403	1,921,153	2,026,810
Public works	125,504	194,526	436,184	90,542	77,967	91,387	51,321	161,744
Culture and recreation	430,335	407,431	256,157	445,567	480,882	481,240	480,903	532,432
Community development	1,108,737	1,724,393	3,273,131	1,134,012	1,110,255	1,190,361	1,204,156	1,133,562
Operating grants and contributions	4,813,907	4,871,032	5,945,937	7,205,374	7,630,860	8,376,196	7,387,543	5,848,654
Capital grants and contributions	3,629,568	4,389,940	583,678	4,689,710	1,627,396	1,286,360	1,337,995	1,300,464
Total governmental activities program revenue	12,410,221	14,026,979	13,203,662	16,453,980	14,039,868	14,861,106	13,507,738	12,397,026

City of Fond du Lac, Wisconsin

CHANGES IN NET ASSETS

Last Eight Fiscal Years

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
Business-type activities								
Charges for Services:								
Water	5,294,657	6,257,177	6,513,120	6,444,899	6,366,839	9,467,849	9,790,165	11,652,164
Wastewater	6,819,265	7,442,569	7,084,687	8,356,916	8,993,893	9,493,569	10,382,485	9,817,874
Capital grants and contributions	1,372,350	2,447,899	845,280	6,173,951	81,021	410,635	12,662,614	159,758
Total business-type activities program revenue	<u>13,486,272</u>	<u>16,147,645</u>	<u>14,443,087</u>	<u>20,975,766</u>	<u>15,441,753</u>	<u>19,372,053</u>	<u>32,835,264</u>	<u>21,629,796</u>
Total primary government program revenue	<u>\$ 25,896,493</u>	<u>\$ 30,174,624</u>	<u>\$ 27,646,749</u>	<u>\$ 37,429,746</u>	<u>\$ 29,481,621</u>	<u>\$ 34,233,159</u>	<u>\$ 46,343,002</u>	<u>\$ 34,026,822</u>
Net (Expense)/Revenue								
Governmental activities	\$(26,445,011)	\$(25,774,806)	\$(29,796,360)	\$(27,467,587)	\$(30,268,690)	\$(33,165,344)	\$(35,426,494)	\$(35,958,306)
Business-type activities	<u>3,145,642</u>	<u>5,190,425</u>	<u>2,987,161</u>	<u>9,433,404</u>	<u>3,056,221</u>	<u>4,505,024</u>	<u>15,070,723</u>	<u>3,890,188</u>
Total primary government net expense	<u>\$(23,299,369)</u>	<u>\$(20,584,381)</u>	<u>\$(26,809,199)</u>	<u>\$(18,034,183)</u>	<u>\$(27,212,469)</u>	<u>\$(28,660,320)</u>	<u>\$(20,355,771)</u>	<u>\$(32,068,118)</u>
General Revenues and Other Changes in Net Assets								
Governmental Activities:								
Taxes								
Property taxes	\$ 17,507,843	\$ 17,814,426	\$ 18,997,340	\$ 19,656,739	\$ 19,427,161	\$ 19,983,470	\$ 20,229,326	\$ 20,033,237
Other taxes	188,281	151,415	153,802	149,767	171,395	146,544	176,958	196,919
Grants and contributions not restricted to specific programs	8,264,647	7,608,754	7,569,264	7,708,789	7,736,267	7,803,266	7,996,190	7,294,988
Investment earnings	429,762	383,882	880,455	1,491,215	1,923,391	1,528,254	434,415	261,771
Transfers	250,000	250,000	498,988	650,366	667,887	722,274	877,398	1,269,596
Total governmental activities	<u>26,640,533</u>	<u>26,208,477</u>	<u>28,099,849</u>	<u>29,656,876</u>	<u>29,926,101</u>	<u>30,183,808</u>	<u>29,714,287</u>	<u>29,056,511</u>
Business-type activities:								
Investment earnings	211,644	319,613	733,236	1,267,885	2,603,956	1,861,833	770,306	498,917
Gain on disposal of capital assets	-	1,277	-	10,520	-	826	546	-
Transfers	(250,000)	(250,000)	(498,988)	(650,366)	(667,887)	(722,274)	(877,398)	(1,269,596)
Total business-type activities	<u>(38,356)</u>	<u>70,890</u>	<u>234,248</u>	<u>628,039</u>	<u>1,936,069</u>	<u>1,140,385</u>	<u>(106,546)</u>	<u>(770,679)</u>
Total primary government	<u>\$ 26,602,177</u>	<u>\$ 26,279,367</u>	<u>\$ 28,334,097</u>	<u>\$ 30,284,915</u>	<u>\$ 31,862,170</u>	<u>\$ 31,324,193</u>	<u>\$ 29,607,741</u>	<u>\$ 28,285,832</u>
Changes in Net Assets								
Governmental activities	\$ 195,522	\$ 433,671	\$ (1,696,511)	\$ 2,189,289	\$ (342,589)	\$ (2,981,536)	\$ (5,712,207)	\$ (6,901,795)
Business-type activities	<u>3,107,286</u>	<u>5,261,315</u>	<u>3,221,409</u>	<u>10,061,443</u>	<u>4,992,290</u>	<u>5,645,409</u>	<u>14,964,177</u>	<u>3,119,509</u>
Total primary government	<u>\$ 3,302,808</u>	<u>\$ 5,694,986</u>	<u>\$ 1,524,898</u>	<u>\$ 12,250,732</u>	<u>\$ 4,649,701</u>	<u>\$ 2,663,873</u>	<u>\$ 9,251,970</u>	<u>\$ (3,782,286)</u>

City of Fond du Lac, Wisconsin

Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 25,702	\$ 356,983	\$ 2,853,397	\$ 2,757,354	\$ 2,850,840	\$ 2,618,460	\$ 2,631,551	\$ 2,507,644	\$ 2,381,489	\$ 1,903,745
Unreserved	5,190,853	5,386,645	3,232,051	2,902,711	2,474,421	3,334,980	4,362,596	4,834,160	5,121,847	5,665,022
Total general fund	<u>\$ 5,216,555</u>	<u>\$ 5,743,628</u>	<u>\$ 6,085,448</u>	<u>\$ 5,660,065</u>	<u>\$ 5,325,261</u>	<u>\$ 5,953,440</u>	<u>\$ 6,994,147</u>	<u>\$ 7,341,804</u>	<u>\$ 7,503,336</u>	<u>\$ 7,568,767</u>
All other governmental funds										
Reserved	\$ 4,027,821	\$ 4,686,426	\$ 3,018,944	\$ 1,802,593	\$ 2,098,094	\$ 2,365,322	\$ 3,952,782	\$ 6,377,506	\$ 5,762,465	\$ 3,770,465
Unreserved, reported in:										
Special revenue funds	2,405,190	2,333,132	2,817,828	3,634,328	3,936,524	3,834,743	4,023,837	1,840,677	988,079	3,391,436
Capital projects funds	533,391	1,412,461	1,629,439	1,881,890	7,856,538	9,315,672	7,747,267	6,886,351	9,277,912	10,724,275
Total all other governmental funds	<u>\$ 6,966,402</u>	<u>\$ 8,432,019</u>	<u>\$ 7,466,211</u>	<u>\$ 7,318,811</u>	<u>\$ 13,891,156</u>	<u>\$ 15,515,737</u>	<u>\$ 15,723,886</u>	<u>\$ 15,104,534</u>	<u>\$ 16,028,456</u>	<u>\$ 17,886,176</u>

City of Fond du Lac, Wisconsin

Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Property taxes	\$ 16,298,188	\$ 17,258,809	\$ 17,507,843	\$ 17,814,426	\$ 18,997,340	\$ 19,656,739	\$ 19,427,161	\$ 19,983,470	\$ 20,229,326	\$ 20,033,237
Other taxes	170,318	170,049	188,281	160,062	179,538	178,210	171,395	146,544	176,958	196,919
Licenses and permits	877,510	895,295	1,015,324	1,077,142	1,081,317	1,097,384	1,084,835	1,138,145	1,147,849	1,234,646
Intergovernmental	12,833,143	13,329,916	13,850,956	12,625,665	13,340,173	13,779,007	13,917,398	14,302,252	13,999,108	14,444,821
Intragovernmental	1,881,352	1,627,519	-	-	-	-	-	-	-	-
Charges for services	1,932,456	2,177,687	2,600,628	2,545,464	2,754,042	3,028,447	3,283,043	3,580,348	3,166,985	3,277,855
Court and parking fines	371,687	374,899	361,956	414,073	418,603	363,741	412,033	440,903	463,420	453,954
Special assessments	1,203,006	1,087,702	915,493	970,249	830,198	1,333,122	819,254	766,582	633,167	359,422
Investment earnings	1,024,927	409,595	429,762	286,539	785,426	1,393,932	1,882,463	1,501,709	408,409	232,934
Miscellaneous	1,923,255	1,659,699	2,553,227	3,875,141	2,637,072	1,896,709	2,094,300	2,137,901	2,107,539	1,355,857
Total revenues	<u>38,515,842</u>	<u>38,991,170</u>	<u>39,423,470</u>	<u>39,768,761</u>	<u>41,023,709</u>	<u>42,727,291</u>	<u>43,091,882</u>	<u>43,997,854</u>	<u>42,332,761</u>	<u>41,589,645</u>
EXPENDITURES										
Current:										
General government	2,937,894	2,876,303	2,556,582	2,178,256	2,201,341	2,422,297	2,260,811	2,469,837	2,513,658	2,666,406
Public safety	12,752,644	13,118,705	13,556,055	13,762,897	14,068,156	14,936,046	15,555,215	16,749,212	16,977,423	17,636,588
Public works	7,326,777	7,173,499	5,956,408	6,430,525	6,421,198	6,321,022	6,640,655	7,440,021	7,245,428	7,257,838
Culture and recreation	2,912,169	3,071,954	3,978,739	3,880,144	4,012,123	4,159,573	4,406,245	4,530,666	4,554,243	4,822,958
Community development	3,423,371	3,008,854	2,728,637	3,018,791	3,050,456	3,200,090	3,413,893	3,506,176	3,578,074	3,455,705
Other	135,520	116,932	106,313	49,199	13,800	10,750	342,537	13,989	882,528	443,019
Debt service:										
Principal	4,406,647	5,728,688	7,145,766	17,522,697	4,826,044	5,387,725	7,850,683	3,796,664	2,904,936	5,556,926
Interest and other charges	1,922,243	2,487,852	2,154,183	2,113,237	2,294,739	2,632,828	2,612,083	2,635,376	2,628,258	3,078,799
Capital outlay	12,032,370	6,943,736	11,684,449	8,652,640	9,677,299	8,419,566	8,213,852	10,204,882	8,967,963	8,739,564
Total expenditures	<u>47,849,635</u>	<u>44,526,523</u>	<u>49,867,132</u>	<u>57,608,386</u>	<u>46,565,156</u>	<u>47,489,897</u>	<u>51,295,974</u>	<u>51,346,823</u>	<u>50,252,511</u>	<u>53,657,803</u>
Excess (deficiency) of revenues over expenditures	<u>(9,333,793)</u>	<u>(5,535,353)</u>	<u>(10,443,662)</u>	<u>(17,839,625)</u>	<u>(5,541,447)</u>	<u>(4,762,606)</u>	<u>(8,204,092)</u>	<u>(7,348,969)</u>	<u>(7,919,750)</u>	<u>(12,068,158)</u>
OTHER FINANCING SOURCES (USES)										
Refunding bonds issued	-	-	1,450,000	11,925,000	-	-	13,210,000	-	3,125,000	21,165,000
Long-term debt issued	16,465,000	7,042,589	8,035,000	5,091,842	11,280,000	6,365,000	5,922,477	6,355,000	7,900,000	9,674,718
Premium on long-term debt issued	-	-	84,673	-	-	-	527,584	-	77,806	34,517
Payment to refunding escrow agent	(8,540,000)	-	-	-	-	-	(10,875,000)	-	(2,975,000)	(18,152,522)
Proceeds from sales of City properties	176,652	485,454	-	-	-	-	-	-	-	-
Transfers in	5,945,408	7,074,571	3,575,755	4,994,695	5,820,068	5,258,054	10,258,837	8,717,019	6,720,570	12,086,536
Transfers out	(5,945,408)	(7,074,571)	(3,325,755)	(4,744,695)	(5,321,080)	(4,607,688)	(9,590,950)	(7,994,745)	(5,843,172)	(10,816,940)
Total other financing sources (uses)	<u>8,101,652</u>	<u>7,528,043</u>	<u>9,819,673</u>	<u>17,266,842</u>	<u>11,778,988</u>	<u>7,015,366</u>	<u>9,452,948</u>	<u>7,077,274</u>	<u>9,005,204</u>	<u>13,991,309</u>
Net change in fund balances	<u>\$ (1,232,141)</u>	<u>\$ 1,992,690</u>	<u>\$ (623,989)</u>	<u>\$ (572,783)</u>	<u>\$ 6,237,541</u>	<u>\$ 2,252,760</u>	<u>\$ 1,248,856</u>	<u>\$ (271,695)</u>	<u>\$ 1,085,454</u>	<u>\$ 1,923,151</u>
Debt service (net of principal refinancings) as a percentage of noncapital expenditures	14.28%	19.90%	23.25%	38.38%	17.30%	20.09%	23.20%	14.63%	12.53%	18.21%

City of Fond du Lac, Wisconsin

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Fiscal Year	Real Property Assessed Value	Personal Property Assessed Value	Total¹ Assessed Value	Total Direct Tax Rate	Estimated² Actual Value	Ratio of Total Assessed to Estimated Actual Value
2010	\$ 2,481,796,900	\$ 123,207,470	\$ 2,605,004,370	7.699	\$ 2,696,593,500	96.60%
2009	2,443,319,300	122,162,520	2,565,481,820	7.471	2,736,857,700	93.74
2008	2,426,900,000	123,431,680	2,550,331,680	7.568	2,674,717,400	95.35
2007	2,386,851,900	110,286,160	2,497,138,060	7.527	2,560,199,300	97.54
2006	2,349,237,900	107,222,780	2,456,460,680	8.256	2,431,370,400	101.03
2005	2,103,154,400	99,655,110	2,202,809,510	8.058	2,340,276,200	94.13
2004	2,074,618,100	99,205,670	2,173,823,770	7.671	2,234,550,300	97.28
2003	2,034,044,900	104,220,950	2,138,265,850	9.954	2,127,775,000	100.49
2002	1,546,536,700	80,364,410	1,626,901,110	9.867	2,022,155,400	80.45
2001	1,519,567,900	87,806,910	1,607,374,810	9.525	1,928,008,400	83.37

Notes:

¹ Assessed Property Values are determined by the City of Fond du Lac Assessor's office in conjunction with the Wisconsin Department of Revenue Property Assessment Manual.

² Estimated Actual Values (Equalized Values) are provided by the Wisconsin Department of Revenue Supervisor of Assessments.

City of Fond du Lac, Wisconsin

PRINCIPAL TAXPAYERS

Current Year and Nine Years Ago

2010

Name	Type of Business	Assessed ^a Valuation	Percent Total Assessed Valuation
Mercury Marine	Manufacturer of Boat Engines	\$ 31,871,200	1.22%
Agnesian Healthcare Inc	Hospital/Health Care Facility	30,123,580	1.16%
John Mark Apt. Complexes	Apartments	27,323,040	1.05%
Eagle Fond du Lac LLC	Warehousing	19,653,390	0.75%
Simon Properties	Shopping Mall	17,791,640	0.68%
Aurora Medical Group	Health Care Facility	16,474,840	0.63%
VH Enterprises	Warehousing	16,236,320	0.62%
Wal-Mart	Retail Shopping Facility	14,735,860	0.57%
J.F. Ahern	Metal Fabrication	14,347,240	0.55%
1115 East Johnson LLC	Grocery / Retail	13,472,360	0.52%
Principal Taxpayers Total		202,029,470	7.76%
All Other		2,402,974,900	92.24%
Total		\$ 2,605,004,370	100.00%

2001

Name	Type of Business	Assessed ^b Valuation	Percent Total Assessed Valuation
John Mark Apt. Complexes	Apartments	\$ 36,122,790	2.25%
Valley Realty LLC	Apartments	17,434,970	1.08%
Agnesian Health Care	Hospital/Health Care Facility	16,458,860	1.02%
Simon Properties	Shopping Mall	11,246,910	0.70%
Aurora Medical Group	Health care	10,674,500	0.66%
Yunker/Shaline	Apartments	9,717,560	0.60%
Unicare Service	Rehabilitation Center	8,391,360	0.52%
Giddings & Lewis LLC	Manufacturing of Machine Tools	8,179,200	0.51%
J.F. Ahern	Mechanical & Fire Protection Contractor	6,446,060	0.40%
Wisco, WZ (Holiday Inn)	Hotel	5,982,110	0.37%
Principal Taxpayers Total		130,654,320	8.13%
All Other		1,476,720,490	91.87%
Total		\$ 1,607,374,810	100.00%

Sources:

^a 2009 City Assessment Roll.

^b 2000 City Assessment Roll.

City of Fond du Lac, Wisconsin

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal¹ Year		Total^{2 a} Tax Levied		Current^{3 b} Tax Collected	Percent of Levy Collected
2010	\$	19,751,289	\$	19,743,821	99.962 %
2009		19,054,315		19,049,995	99.978
2008		18,897,278		18,890,043	99.962
2007		18,490,470		18,486,466	99.978
2006		18,186,840		18,179,179	99.958
2005		17,516,586		17,511,288	99.970
2004		16,401,688		16,394,429	99.956
2003		16,193,477		16,180,339	99.919
2002		15,859,926		15,842,284	99.889
2001		15,067,868		15,055,766	99.920

Notes:

¹ Fiscal year is the year in which the tax is collected. The 2010 fiscal year consists of the 2009 tax bills due in 2010 and used to finance the 2010 budget.

² Total tax includes real estate property taxes, personal property taxes, and the TIF increment levied for the City of Fond du Lac jurisdiction only.

³ Real estate taxes are paid in full each year. Fond du Lac County buys the delinquent real estate taxes and handles all collections.

Delinquent personal property taxes are charged back to the overlying taxing jurisdictions. The City only carries the municipal portion of the delinquent personal property taxes receivable.

Sources:

^a Tax levy reconciliation file.

^b Total tax levied less City portion of delinquent personal property taxes on the year-end balance due report.

City of Fond du Lac, Wisconsin

PROPERTY TAX RATES AND TAX LEVIES - DIRECT AND OVERLAPPING GOVERNMENTS
ASSESSED VALUE BASIS

Last Ten Fiscal Years

Fiscal ¹ Year	City of Fond du Lac		Fond du Lac School District		Moraine Park Technical College		Fond du Lac County		State of Wisconsin		Gross Tax Rate	State Tax Credit	Net Tax Rate	Total	
	Tax Rates per \$1,000 of Assessed Value and Percent of Total														
2010	7.699	34.1%	9.247	41.0%	1.478	6.6%	5.388	23.9%	0.181	0.8%	23.993	1.429	6.3%	22.564	100.0%
2009	7.471	35.1	8.577	40.3	1.408	6.6	5.096	24.0	0.178	0.8	22.730	1.447	6.8	21.283	100.0
2008	7.568	35.9	8.352	39.6	1.374	6.5	4.958	23.5	0.174	0.8	22.426	1.342	6.3	21.084	100.0
2007	7.527	37.2	7.619	37.6	1.356	6.7	4.800	23.7	0.174	0.9	21.476	1.229	6.1	20.247	100.0
2006	8.256	36.2	8.654	37.9	1.517	6.6	5.272	23.1	0.199	0.9	23.898	1.076	4.7	22.822	100.0
2005	8.058	35.6	8.870	39.2	1.515	6.7	5.095	22.5	0.206	0.9	23.743	1.102	4.9	22.640	100.0
2004	7.671	35.5	8.442	39.0	1.518	7.0	4.930	22.8	0.199	0.9	22.760	1.135	5.2	21.625	100.0
2003	9.954	37.2	10.170	38.0	1.940	7.3	5.966	22.3	0.249	0.9	28.279	1.535	5.7	26.743	100.0
2002	9.867	37.2	10.563	39.8	1.877	7.1	5.512	20.8	0.240	0.9	28.059	1.547	5.8	26.512	100.0
2001	9.525	37.8	10.223	40.5	1.773	7.0	4.999	19.8	0.229	0.9	26.749	1.516	6.0	25.233	100.0
	Tax Levies										Total				
2010	\$	19,751,289	\$	23,129,717	\$	3,792,413	\$	13,823,980	\$	464,462	\$	60,961,861	Notes: ¹ Fiscal year is the year in which the tax is collected. The 2010 fiscal year consists of the 2009 tax bills due in 2010 and used to finance the 2010 budget.		
2009		19,054,315		21,317,456		3,591,530		12,995,963		453,916		57,413,180			
2008		18,897,278		20,313,809		3,431,018		12,381,718		434,482		55,458,305			
2007		18,490,470		18,241,868		3,329,928		11,790,957		426,976		52,280,199			
2006		18,186,840		18,578,489		3,341,709		11,613,092		438,989		52,159,119			
2005		17,516,586		18,803,388		3,292,492		11,076,153		446,910		51,135,529			
2004		16,401,688		17,605,848		3,246,125		10,540,744		425,555		48,219,960			
2003		16,193,477		16,175,931		3,156,200		9,705,282		404,431		45,635,321			
2002		15,859,926		16,599,077		3,016,919		8,859,185		385,602		44,720,709			
2001		15,067,868		15,836,535		2,804,751		7,907,067		362,801		41,979,022			

Notes:

¹Fiscal year is the year in which the tax is collected. The 2010 fiscal year consists of the 2009 tax bills due in 2010 and used to finance the 2010 budget.

City of Fond du Lac, Wisconsin

RATIO OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	General Obligation Notes	Capital Leases	Revenue Bond Debt	General Obligation Bonds			
2010	\$ 44,140,000	\$ 21,207,477	\$ 137,792	\$ 116,097,007	\$ -	181,582,276	N/A	\$ 4,221
2009	23,775,000	44,027,477	-	129,762,566	-	197,565,043	1.8%	4,531
2008	21,325,000	41,332,413	-	131,787,567	-	194,444,980	1.8	4,474
2007	22,075,000	38,009,110	14,967	128,004,763	-	188,103,840	1.8	4,347
2006	12,025,000	47,605,253	62,030	70,878,256	-	130,570,539	2.5	3,018
2005	13,125,000	45,460,949	129,059	39,921,349	-	98,636,357	3.2	2,288
2004	14,075,000	37,993,867	192,185	35,855,687	-	88,116,739	3.4	2,056
2003	14,960,000	31,925,724	182,546	26,225,573	-	73,293,843	4.0	1,710
2002	16,635,000	22,867,674	226,362	22,006,209	-	61,735,245	4.6	1,449
2001	16,845,000	26,570,192	13,733	20,696,825	-	64,125,750	4.3	1,512

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

N/A = Not Available.

¹ See the Schedule of Demographic and Economic Statistics on page 99 for personal income and population data.

City of Fond du Lac, Wisconsin

**RATIO OF NET GENERAL LONG-TERM DEBT TO ASSESSED VALUE,
EQUALIZED VALUE AND NET LONG-TERM DEBT PER CAPITA**

Last Ten Fiscal Years

Fiscal Year	Population^a	Assessed^b Value	Equalized^c Value	Gross¹ General Long-Term Debt	Less^d Debt Service Fund Balance	Net General Long-Term Debt	Ratio of Net Long-Term Debt to Assessed Value	Ratio of Net Long-Term Debt to Equalized Value	Net General Long-Term Debt Per Capita
2010	43,800	\$ 2,605,004,370	\$ 2,696,593,500	\$ 65,347,477	\$ 2,126,824	63,220,653	2.43%	2.34%	1,443.39
2009	43,600	2,565,481,820	2,736,857,700	67,802,477	4,085,076	63,717,401	2.28	2.33	1,461.41
2008	43,460	2,550,331,680	2,674,717,400	62,657,413	4,580,770	58,076,643	2.28	2.17	1,336.32
2007	43,270	2,497,138,060	2,560,199,300	60,084,110	3,701,801	56,382,309	2.26	2.20	1,303.03
2006	43,270	2,456,460,680	2,431,370,400	59,630,253	2,092,982	57,537,271	2.34	2.37	1,329.73
2005	43,101	2,202,809,510	2,340,276,200	58,585,949	1,783,067	56,802,882	2.58	2.43	1,317.90
2004	42,865	2,173,823,770	2,234,550,300	52,068,867	1,497,374	50,460,428	2.32	2.26	1,177.19
2003	42,856	2,138,265,850	2,127,775,000	46,885,725	2,697,914	44,187,811	2.07	2.08	1,031.08
2002	42,619	1,626,901,110	2,022,155,400	44,502,674	4,367,046	40,135,628	2.47	1.98	941.73
2001	42,411	1,607,374,810	1,928,008,400	43,415,192	3,631,778	39,783,414	2.48	2.06	938.04

Notes:

¹ Gross General Long-Term Debt excludes the General Obligation Bonds in the Proprietary Funds

Sources:

^a Demographic Services Center, State of Wisconsin.

^b Assessed Property Values are determined by the City of Fond du Lac Assessor's office.

^c Equalized Values (Estimated Actual Value) are determined by the Wisconsin Department of Revenue.

^d Debt Service Fund, Fund Balance at end of year.

City of Fond du Lac, Wisconsin

COMPUTATION OF LEGAL DEBT MARGIN

Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Assessed Value ^a	\$ 1,607,374,810	\$ 1,626,901,110	\$ 2,138,265,850	\$ 2,173,823,770	\$ 2,202,809,510	\$ 2,456,460,680	\$ 2,497,138,060	\$ 2,550,331,680	\$ 2,565,481,820	\$ 2,605,004,370
Equalized Value ^a	1,928,008,400	2,022,155,400	2,127,775,000	2,234,550,300	2,340,276,200	2,431,370,400	2,560,199,300	2,674,717,400	2,736,857,700	2,696,593,500
Debt Limit Five Percent of Equalized Value ¹	96,400,420	101,107,770	106,388,750	111,727,515	117,013,810	121,568,520	128,009,965	133,735,870	136,842,885	134,829,675
Amount of Debt Applicable to Debt Limit:										
General Obligation Bonds	16,845,000	16,635,000	14,960,000	13,075,000	13,125,000	12,025,000	22,075,000	21,325,000	23,775,000	44,140,000
General Obligation Notes	26,570,192	27,867,674	31,925,725	37,993,867	45,460,949	47,605,253	38,009,110	41,332,413	44,027,477	21,207,477
Total Debt	43,415,192	44,502,674	46,885,725	51,068,867	58,585,949	59,630,253	60,084,110	62,657,413	67,802,477	65,347,477
Deduct:										
Debt Service Fund Balance	3,631,778	4,367,046	2,697,914	1,497,374	1,783,067	2,092,982	3,701,801	4,580,770	4,085,076	2,126,824
Total Amount of Debt Applicable to Debt Limit	39,783,414	40,135,628	44,187,811	49,571,493	56,802,882	57,537,271	56,382,309	58,076,643	63,717,401	63,220,653
Legal Debt Margin	\$ 56,617,006	\$ 60,972,142	\$ 62,200,939	\$ 62,156,022	\$ 60,210,928	\$ 64,031,249	\$ 71,627,656	\$ 75,659,227	\$ 73,125,484	\$ 71,609,022
Percent of Legal Debt Limit Available	58.7%	60.3%	58.5%	55.6%	51.5%	52.7%	56.0%	56.6%	53.4%	53.1%

Notes:

¹ State Statutes (67.03 and 119.49) limit direct general obligation debt to 5% of the equalized valuation of taxable property in the municipality.

Sources:

^a Assessed and Equalized (Estimated Actual Value) of Taxable Property Table.

City of Fond du Lac, Wisconsin

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2010

	Net Debt Outstanding	Percentage Applicable to City of Fond du Lac	City of Fond du Lac Share of Debt
Direct Debt:			
City of Fond du Lac	\$ 65,347,477	100.0 %	<u>\$ 65,347,477</u>
Overlapping Debt:			
Fond du Lac County	81,795,000	38.6	31,572,870
Moraine Park Technical College	25,000,000	10.8	2,700,000
Fond du Lac School District	48,730,000	74.5	36,303,850
School District of North Fond du Lac	7,940,000	13.4	<u>1,063,960</u>
Total - overlapping debt			<u>71,640,680</u>
TOTAL			<u><u>\$ 136,988,157</u></u>

Note: Overlapping taxing jurisdictions are those that coincide, at least in part, with the geographical boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Fond du Lac.

City of Fond du Lac, Wisconsin

Water Utility Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating ¹ Expenses	Interest and Other Revenue	Income Available for Debt Service	Debt Service Requirements			Coverage
					Principal ²	Interest	Total	
2010	\$ 11,652,164	\$ 4,246,162	\$ 99,737	\$ 7,505,739	\$ 2,760,000	\$ 830,431	\$ 3,590,431	2.09
2009	9,790,165	3,794,684	229,195	6,224,676	1,550,000	2,062,030	3,612,030	1.72
2008	9,467,849	2,877,200	1,144,089	7,734,738	1,495,000	2,244,081	3,739,081	2.07
2007	6,366,839	3,215,283	1,656,724	4,808,280	1,440,000	1,324,938	2,764,938	1.74
2006	6,444,899	3,193,931	686,273	3,937,241	1,365,000	1,314,663	2,679,663	1.47
2005	6,513,120	2,994,138	370,890	3,889,872	2,290,000	1,294,089	3,584,089	1.09
2004	6,257,178	2,762,798	143,258	3,637,638	1,150,000	987,518	2,137,518	1.70
2003	5,294,656	3,068,737	59,234	2,285,153	1,100,000	774,769	1,874,769	1.22
2002	4,829,897	2,391,414	41,096	2,479,579	950,000	704,352	1,654,352	1.50
2001	4,377,427	2,486,772	57,767	1,948,422	695,000	753,059	1,448,059	1.35

Notes:

¹ Operating expenses do not include depreciation and property tax equivalent.

² Principal requirements do not include payments used to refinance revenue bond anticipation notes.

Sources:

^a Water Utility Audit Workpapers, Summary of Long-Term Debt.

City of Fond du Lac, Wisconsin

Wastewater Collection & Treatment System Revenue Bond Coverage

Last Ten Fiscal Years

Fiscal Year	Operating Revenue	Operating ¹ Expenses	Interest and Other Revenue	Income Available for Debt Service	Debt Service Requirements ²			Coverage
					Principal ³	Interest	Total	
2010	\$ 9,817,874	\$ 4,742,028	\$ 399,180	\$ 5,475,026	\$ 4,166,627	\$ 1,589,302	\$ 5,755,929	0.95
2009	10,382,485	4,587,204	541,657	6,336,938	664,779	332,346	997,125	6.36
2008	9,493,569	4,761,646	718,570	5,450,493	560,492	353,466	913,958	5.96
2007	8,993,893	4,455,720	947,232	5,485,405	506,365	371,436	877,801	6.25
2006	8,356,916	4,575,161	581,612	4,363,367	672,392	391,955	1,064,347	4.10
2005	7,084,687	4,732,161	362,346	2,714,872	1,573,568	447,477	2,021,045	1.34
2004	7,442,569	4,669,796	177,632	2,950,405	1,119,886	410,824	1,530,710	1.93
2003	6,819,264	4,430,962	152,410	2,540,712	1,086,342	302,610	1,388,952	1.83
2002	6,899,917	3,980,449	179,058	3,098,526	1,052,930	320,868	1,373,798	2.26
2001	6,852,801	3,784,304	333,200	3,401,697	836,646	319,108	1,155,754	2.94

Notes:

¹ Operating expenses do not include depreciation.

² Includes principal and interest of revenue bonds only. It does not include the general obligation bonds reported in the Wastewater Collection and Treatment System fund.

³ Principal requirements do not include payments used to refinance revenue bond anticipation notes.

Sources:

^aWCTS Audit Workpapers, Summary of Long-Term Debt.

City of Fond du Lac, Wisconsin

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

Fiscal Year	Population^a	Adjusted^b Gross Income Per Tax Return	Total Personal Income^c thousands of dollars	Per Capita Personal Income^{1c}	Median^d Age	Annual^e Unemployment Rate	Public^f School Enrollment	Public^f High School Graduates
2010	43,021	N/A	N/A	N/A	35.7	9.9 %	7,366	515
2009	43,600	\$ 43,479	\$ 3,541,333	\$ 35,389	35.7	10.9	7,349	558
2008	43,460	55,108	3,594,000	36,142	36.9	5.7	7,365	525
2007	43,270	44,211	3,475,319	35,089	36.4	5.5	7,545	470
2006	43,270	44,295	3,266,869	33,110	36.4	5.6	7,515	495
2005	43,101	40,836	3,132,685	31,839	36.4	5.5	7,605	451
2004	42,865	40,066	3,035,520	30,904	33.6	5.5	7,240	503
2003	42,856	38,443	2,952,326	30,139	33.6	6.7	7,246	516
2002	42,619	37,144	2,866,995	29,321	33.6	6.1	7,245	464
2001	42,411	37,022	2,753,340	28,173	33.6	5.0	7,229	448

Notes:

N/A = Not Available.

¹ Includes Fond du Lac County and Metropolitan Area

Sources:

^a Demographic Services Center - State of Wisconsin (2010 - U.S. Census Bureau)

^b Wisconsin Department of Revenue

^c U.S. Department of Commerce, Bureau of Economic Analysis

^d U.S. Department of Labor - Bureau of Labor Statistics

^e Wisconsin's WorkNet Local Area Annual Unemployment Statistics (not seasonally adjusted)

^f Wisconsin Center for Education Statistics, Bureau for Information Management, Fond du Lac School District

City of Fond du Lac, Wisconsin

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

2010

2001

Name	Employees ^a	Percentage of Total City Employment ¹	Name	Employees ^a	Percentage of Total City Employment ¹
Agnesian Healthcare Inc	2,730	6.08%	Mercury Marine	3,500	7.32%
Mercury Marine	1,750	3.90%	Agnesian Health Care	1,450	3.03%
Fond du Lac County	950	2.12%	Fond du Lac County	950	1.99%
Fond du Lac School District	803	1.79%	Giddings & Lewis	750	1.57%
J.F. Ahern Co.	456	1.02%	City of Fond du Lac	347	0.73%
Moraine Park Technical College	420	0.94%	Mid-States Aluminum	325	0.68%
Taycheedah Correctional Facility	384	0.86%	J.F. Ahern Co.	300	0.63%
City of Fond du Lac	325	0.72%	Moraine Park Technical College	300	0.63%
Marian University	247	0.55%	Wells Manufacturing Corp.	225	0.47%
Total	5,335	11.88%	Total	8,147	17.04%

Notes:

¹ Wisconsin's WorkNet Current Employment Statistics

Sources:

^a Hutchinson, Shockey, Erley & Co. Revenue Bond Official Statement

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Culture and Recreation	Community Development	Total
2010	29.4	148.0	61.0	13.0	22.1	273.5
2009	29.4	147.0	64.6	12.6	23.5	277.1
2008	29.1	146.0	64.6	12.6	23.8	276.1
2007	28.8	144.0	64.6	12.7	23.7	273.8
2006	27.9	144.0	63.6	12.7	23.7	271.9
2005	29.7	144.0	64.6	12.7	23.7	274.7
2004	29.7	141.0	65.0	12.6	22.7	271.0
2003	33.7	153.0	68.0	14.6	22.7	292.0
2002	32.7	154.0	71.0	14.8	25.7	298.2
2001	34.2	154.0	74.0	13.8	25.7	301.7

Notes:

Contains governmental funds permanent full and part-time employees under City Council's authority.
Does not include Library employees or enterprise fund employees

City of Fond du Lac, Wisconsin

OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Function/Program										
Governmental Activities:										
Community Development										
Building Permits Issued	4,515	4,736	4,719	4,805	4,129	4,235	3,885	4,845	3,663	3,591
Total Valuation of Building Permits	67,523,504	72,202,946	41,141,053	45,663,434	70,958,906	50,040,160	65,553,150	54,655,768	38,448,200	36,156,303
New site plans reviewed	N/A	50	43	40	40	34	35	26	15	11
Rezoning/special use permits applied for	N/A	42	35	34	31	34	21	14	12	13
Variances applied for	N/A	44	57	46	44	59	50	42	48	38
New lots/parcels created	N/A	119	206	51	61	87	12	27	11	14
Housing Code Enforcement-complaints filed	N/A	553	574	540	469	516	497	418	477	397
Housing Code Enforcement-violations cured	N/A	981	949	894	912	814	962	718	809	648
Housing rehabilitation value of loans approved	N/A	471,850	511,543	499,898	470,400	561,763	620,670	557,250	460,771	351,044
Downtown parking revenue	N/A	N/A	342,927	343,264	337,607	343,262	307,295	322,799	328,505	318,828
Downtown parking violations-tickets issued*	N/A	N/A	7,454	5,056	3,953	7,334	5,556	6,463	6,235	6,107
Transit ridership	237,293	254,907	169,010	157,800	163,639	166,800	146,657	159,735	167,049	157,314
Transit farebox revenue	181,103	186,435	168,352	176,792	176,997	206,013	198,614	200,422	234,057	221,752
Culture and Recreation										
Library	1	1	1	1	1	1	1	1	1	1
Library Volumes	215,211	181,026	187,589	193,590	206,100	208,453	195,178	209,757	203,479	191,694
Circulation	578,491	610,800	588,064	638,161	728,451	761,980	772,506	799,490	835,262	851,842
Senior Center number of visits	28,403	26,672	28,543	34,572	38,445	47,550	45,325	45,378	47,039	46,562
Senior Center volunteer hours worked	17,664	18,139	14,832	13,993	15,720	17,655	17,758	17,387	16,189	16,608
Business-type activities:										
Water Utility										
Average No. of Customers:										
Residential	14,749	14,749	14,749	13,850	13,951	14,028	14,060	14,103	14,152	14,239
Commercial	1,327	1,327	1,327	1,351	1,355	1,362	1,367	1,383	1,380	1,384
Industrial	56	56	56	61	58	55	56	58	57	55
Public	90	90	90	82	74	77	73	72	71	70
Gallons of Water Sold:										
Residential	803,773,000	803,773,000	803,773,000	682,641,000	699,287,000	675,808,052	668,406,614	631,339,055	613,009,263	590,568,073
Commercial	428,482,000	428,482,000	428,482,000	433,209,000	423,793,000	411,200,015	397,121,009	382,916,197	360,302,534	356,280,172
Industrial	384,016,000	384,016,000	384,016,000	303,608,000	322,219,000	318,813,727	317,491,502	213,231,560	153,712,025	189,314,970
Public	78,034,000	78,034,000	78,034,000	72,666,000	66,635,000	66,634,525	78,298,628	71,582,613	72,665,776	65,842,281
Plant Capacity (gallons/day)	9,075,000	9,075,000	9,075,000	10,303,000	7,983,000	7,323,000	14,925,000	7,274,000	8,410,000	5,664,000
Wastewater Collection & Treatment System										
Average No. of Customers:										
Residential	14,749	14,749	14,749	13,850	13,951	14,028	14,060	14,103	14,152	14,239
Commercial	1,327	1,327	1,327	1,351	1,355	1,362	1,367	1,383	1,380	1,384
Industrial	56	56	56	61	58	55	56	58	57	55
Public	90	90	90	82	74	77	73	72	71	70
System Usage in Gallons										
Residential	803,773,000	803,773,000	803,773,000	682,641,000	699,287,000	675,808,052	668,406,614	631,339,055	613,009,263	590,568,073
Commercial	428,482,000	428,482,000	428,482,000	433,209,000	423,793,000	411,200,015	397,121,009	382,916,197	360,302,534	356,280,172
Industrial	384,016,000	384,016,000	384,016,000	303,608,000	322,219,000	318,813,727	317,491,502	213,231,560	153,712,025	189,314,970
Public	78,034,000	78,034,000	78,034,000	72,666,000	66,635,000	66,634,525	78,298,628	71,582,613	72,665,776	65,842,281

Notes: N/A = Not Available

*The parking fund first began issuing parking tickets in the downtown area in 2003

City of Fond du Lac, Wisconsin

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental Activities:										
Public Safety										
Police Protection										
Sworn Personnel - Authorized Positions	69	69	69	69	72	71	71	74	74	75
Fire and EMS Protection										
Number of Stations	3	3	3	3	3	3	3	3	3	3
Firefighting Force	66	66	64	64	64	61	65	63	64	65
Firefighting Vehicles	7	7	6	6	6	6	6	6	6	6
Ambulances	4	5	4	4	4	4	4	5	5	5
Public Works										
Miles of Streets	189	189	189	160.32	161.50	162.40	169.04	169.29	170.33	170.93
Miles of Storm Sewers	189	189	189	155	163	163.70	165.8	165.85	169.3	171.35
Recreation and Culture										
Playgrounds	15	15	15	15	15	15	15	15	15	15
City Parks	21	21	21	21	21	21	21	21	21	21
Acres of City Park Land	520	520	520	520	520	520	520	520	520	520
Indoor Skating Facility	1	1	1	1	1	1	1	1	1	1
Outdoor Skating Facility	-	-	-	-	-	1	1	1	1	1
Outdoor Skateboarding Facility	1	1	1	1	1	1	1	1	1	1
Outdoor Pools	1	1	1	1	1	1	1	1	1	1
Outdoor Water Park	1	1	1	1	1	1	1	1	1	1
Disc Golf Course	1	1	1	1	1	1	1	1	1	1
Band Shelters	1	1	1	1	1	1	1	1	1	1
Boat Launches	16	16	16	16	16	16	16	16	16	16
Business-type activities:										
Water Utility										
Miles of Mains	204	204	204	208	205.9	209.5	211	219.98	220.44	220.42
Hydrants	1,599	1,599	1,599	1,732	1,739	1,774	1,773	1,803	1,817	1,826
Wastewater Collection & Treatment System										
Miles of Sanitary Sewers	189	189	189	190	196.5	197	193.65	193.76	203.51	197.23

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the City Council
City of Fond du Lac, Wisconsin

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Fond du Lac, Wisconsin, as of and for the year ended December 31, 2010, which collectively comprise the City of Fond du Lac, Wisconsin's basic financial statements and have issued our report thereon dated June 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Fond du Lac, Wisconsin's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion of the effectiveness of the City of Fond du Lac, Wisconsin's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Fond du Lac, Wisconsin's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Fond du Lac, Wisconsin's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Fond du Lac, Wisconsin in a separate letter dated June 2, 2011.

This report is intended solely for the information and use of the City Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Schuch SC".

Certified Public Accountants
Green Bay, Wisconsin
June 2, 2011

Single Audit Section

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR FEDERAL AND STATE PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133 AND THE STATE SINGLE AUDIT GUIDELINES**

To the City Council
City of Fond du Lac, Wisconsin

Compliance

We have audited City of Fond du Lac, Wisconsin's compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2010. City of Fond du Lac, Wisconsin's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of City of Fond du Lac, Wisconsin's management. Our responsibility is to express an opinion on City of Fond du Lac, Wisconsin's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and the *State Single Audit Guidelines* issued by the Wisconsin Department of Administration. Those standards, OMB Circular A-133 and the *State Single Audit Guidelines* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about City of Fond du Lac, Wisconsin's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on City of Fond du Lac, Wisconsin's compliance with those requirements.

In our opinion, City of Fond du Lac, Wisconsin complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2009.

Internal Control Over Compliance

Management of the City of Fond du Lac, Wisconsin is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered City of Fond du Lac, Wisconsin's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and the *State Single Audit Guidelines*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, others within the City, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Schmidt SC

Certified Public Accountants
Green Bay, Wisconsin
June 2, 2011

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2010

Grantor/Pass-Through Grantor/Program Title	Federal CFDA/ State ID Number	Pass-Through Grantor's Number	Program or Award Amount	Cash/ Receivable at January 1, 2010	Receipts or Revenue Recognized	Disbursements/ Expenditures	(Deferred Revenue)/ Receivable at December 31, 2010
<u>U. S. Department of Housing and Urban Development</u>							
Community Development Block Grant	14.228	--	\$ 1,231,937	\$ 103,403	\$ 399,970	\$ 404,890	\$ 108,323
Community Development Block Grant- ARRA	14.228	--	\$ 108,063	-	108,063	108,063	-
Community Development Block Grant- EAP	14.228	--	\$ 3,450,000	-	170,172	244,332	74,160
Total U. S. Department of Housing and Urban Development				103,403	678,205	757,285	182,483
<u>U. S. Department of Transportation</u>							
Passed through State Department of Transportation:							
Operating Assistance - 2010	20.507	--	\$ 526,562	-	526,562	526,562	-
Capital Assistance Grant - 2008 Section 5311	20.500	0409-01-08	\$ 42,200	-	42,200	42,200	-
Alcohol Enforcement - 2008/2009	20.607	0938-41-37	\$ 18,000	3,738	3,738	-	-
Alcohol Enforcement - 2009/2010	20.607	0938-41-37	\$ 25,000	2,318	2,318	-	-
Alcohol Enforcement - 2010/2011	20.607	0938-41-37	\$ 30,000	-	18,949	21,541	2,592
Speed Enforcement - 2009/2010	20.600	0950-40-03	\$ 20,000	1,250	1,250	-	-
Speed Enforcement - 2010/2011	20.600	0950-40-03	\$ 30,000	-	16,229	20,553	4,324
Bicycle Enforcement	20.600	0950-80-03	\$ 2,000	-	1,979	1,979	-
Youth Alcohol Enforcement	20.600	0960-30-51	\$ 6,577	-	6,577	6,577	-
Total U. S. Department of Transportation				7,306	619,802	619,412	6,916
<u>U.S. Department of Justice</u>							
Edward Byrne Memorial Justice Assistance Grant	16.738	--	\$ 12,668	10,455	12,668	2,213	-
Edward Byrne Memorial Justice Assistance Grant-2010	16.738	--	\$ 24,007	-	-	16,330	16,330
Edward Byrne Memorial Justice Assistance Grant-2010-SRO's	16.738	2009-SB-B9-2782	\$ 122,090	-	75,708	92,033	16,325
Community Oriented Policing (COPS) Grant	16.710	--	\$ 385,000	156,029	299,043	146,074	3,060
Passed through Wisconsin Dept of Admin-Office of Justice Assistance							
Bulletproof Vest Partnership Program	16.607	--	\$ 10,215	-	1,227	1,227	-
Innovative Law Enforcement Program (FDL Watches)	16.803	2009-DS-01-7345	\$ 19,765	-	5,470	9,036	3,566
Total U.S. Department of Justice				166,484	394,116	266,913	39,281
<u>U.S Environmental Protection Agency</u>							
Passed through Wisconsin Department of Administration							
Safe Drinking Water Loan Program	66.468	--	\$ 21,753,247	-	8,757,957	8,757,957	-
Safe Drinking Water Loan Program	66.458	--	\$ 318,395	-	318,395	318,395	-
Total U.S. Environmental Protection Agency				-	9,076,352	9,076,352	-
<u>U.S. Department of Homeland Security</u>							
Passed through Wisconsin Dept of Military Affairs							
Hazard Mitigation Grant Program	97.039	FEMA-1768-DR	\$ 1,248,232	191,653	516,489	324,836	-
Assistance to Firefighters	85.554	EMW-2008-FO-07380	\$ 31,043	-	4,500	4,500	-
Assistance to Firefighters-Fire Hose	85.554	EMW-2009-FO-02000	\$ 51,953	-	51,953	51,953	-
Assistance to Firefighters-Patches and Pumper Robot	85.554	EMW-2009-FP-00930	\$ 15,166	-	13,650	13,650	-
Passed through Wisconsin Dept of Admin-Office of Justice Assistance							
Homeland Security- Law enforcement command radio	97.004	2007-HS-13-7972	\$ 7,900	-	7,900	7,900	-
Total U.S. Department of Homeland Security				191,653	594,492	402,839	-
TOTAL FEDERAL AWARDS				\$ 468,846	\$ 11,362,967	\$ 11,122,801	\$ 228,680

CITY OF FOND DU LAC, WISCONSIN
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

For the year ended December 31, 2010

Grantor/Pass-Through Grantor/Program Title	Federal CFDA/ State ID Number	Pass-Through Grantor's Number	Program or Award Amount	Cash/ Receivable at January 1, 2010	Receipts or Revenue Recognized	Disbursements/ Expenditures	(Deferred Revenue)/ Receivable at December 31, 2010
<u>Wisconsin Department of Administration</u>							
Office of Justice Assistance Grant	--	2010-BP-01-7499	\$ 134,927	\$ -	\$ 123,099	\$ 123,099	\$ -
<u>Wisconsin Department of Health & Family Services</u>							
EMS-FAP Grant	435.167	--	\$ 10,430	(22,650)	10,917	7,208	(26,359)
<u>Wisconsin Department of Natural Resources</u>							
All-Terrain Vehicle Trail	370.577	ATV-1911	\$ 5,000	5,000	5,000	-	-
All-Terrain Vehicle Trail	370.577	ATV-1911	\$ 12,000	-	8,055	11,706	3,651
Total Wisconsin Department of Natural Resources				5,000	13,055	11,706	3,651
<u>Wisconsin Division of Emergency Management</u>							
Hazard Mitigation Grant Program	465.305	FEMA-1768-DR	\$ 205,301	31,781	84,743	52,962	-
<u>Wisconsin Department of Transportation</u>							
Operating Assistance Grant - 2007	395.104	--	\$ 417,227	30,482	39,838	9,356	-
Operating Assistance Grant - 2008	395.104	--	\$ 389,042	41,722	41,722	-	-
Operating Assistance Grant - 2009	395.104	--	\$ 402,568	40,257	-	-	40,257
Operating Assistance Grant - 2010	395.104	--	\$ 423,617	-	317,712	423,617	105,905
Total Wisconsin Department of Transportation				112,461	399,272	432,973	146,162
TOTAL STATE AWARDS				\$ 126,592	\$ 631,086	\$ 627,948	\$ 123,454
TOTAL FEDERAL AND STATE AWARDS				\$ 595,438	\$ 11,994,053	\$ 11,750,749	\$ 352,134

SEE ACCOMPANYING NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AND STATE AWARDS

CITY OF FOND DU LAC, WISCONSIN
Notes to the Schedule of Expenditures of Federal and State Awards
December 31, 2010

NOTE A - BASIS OF PRESENTATION

In accordance with audit requirements issued by the Office of Management and Budget (OMB) Circular A-133 and the State Single Audit Guidelines issued by the Wisconsin Department of Administration, supplemental information is presented by the City in regard to federal and state financial assistance programs administered by the City.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

Revenues and expenditures in the schedule are presented in accordance with the modified accrual basis of accounting and are generally in agreement with revenues and expenditures reported in the City's 2010 financial statements. Accrued revenue at year-end consists of federal and state program expenditures scheduled for reimbursement to the City in the succeeding year while deferred revenue represents advances for federal and state programs that exceed recorded City expenditures.

Federal Programs: The City of Fond du Lac qualifies as a low risk auditee in accordance with paragraph 530 of OMB Circular A-133. Therefore major programs, as identified in Section I of the Schedule of Findings and Questioned Costs, represent those with combined expenditures exceeding 25% of total federal awards that also were deemed major programs based on the auditor's risk assessment. All other federal programs are considered non-major programs.

State Programs: Major programs represent state assistance programs with expenditures of \$100,000 or more and other state programs classified as major in the State Single Audit Guidelines. All other state assistance programs required to be included in the Schedule of Expenditures of State Awards in accordance with Appendix H of the State Single Audit Guidelines are non-major programs.

NOTE C - OVERSIGHT AGENCIES

The Federal oversight agency for the City is the U.S. Department of Housing and Urban Development.

The State cognizant agency for the City is the Wisconsin Department of Administration.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Findings and Questioned Costs
Year Ended December 31, 2010

Section I - Summary of Auditors' Results

Basic Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency identified? None Reported

Noncompliance material to basic financial statements noted? No

Federal Awards Programs

Internal control over major program:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Reported

Type of auditors' report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of Circular A-133?

No

Identification of major federal program:

CFDA Number	Name of Federal Program
14.228	Community Development Block Grant
20.507	Mass Transit Operating Assistance
66.468	Safe Drinking Water Program

Identification of major state programs:

State ID Number	Name of State Program
395.104	Urban Mass Transit Operating Assistance

Audit threshold used to determine between Type A and Type B programs: \$333,684
Auditee qualified as low-risk auditee Yes

Section II - Financial Statement Findings

There are no findings related to the basic financial statements required to be reported under governmental auditing standards generally accepted in the United States of America for the year ended December 31, 2010.

Section III - Federal Award Findings and Questioned Costs

There are no audit findings and questioned costs required to be reported under OMB Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations" and the *State Single Audit Guidelines* for the year ended December 31, 2010.

CITY OF FOND DU LAC, WISCONSIN
Schedule of Prior Year Audit Findings and Corrective Action Plan
For the Year Ended December 31, 2010

Prior Year Audit Findings

There were no findings or questioned costs for federal awards for the year ended December 31, 2009.

Corrective Action Plan

No corrective action plan is required.